City of McKinney, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2024

FISCAL YEAR 2023 2024

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Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2024

As Prepared By

Financial Services

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City of McKinney, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2024
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Introductory Section

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February 26, 2025

Honorable Mayor and City Council,
City Manager,
Citizens of McKinney:

The Annual Comprehensive Financial Report (ACFR) of the City of McKinney, Texas (the City), for the fiscal year ended September 30, 2024, is hereby submitted in accordance with Section 46 of the City Charter.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver & Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of McKinney's financial statements for the year ended September 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

CITY OF MCKINNEY PROFILE

The City of McKinney, incorporated in 1848, is located in central Collin County, Texas, 30 miles north of downtown Dallas, on U.S. Highway 75. The City currently occupies a land area of 68 square miles and serves a population of approximately 224,043 as of January 1, 2025. The City is empowered to levy property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by voluntary annexation, which occurs periodically, when deemed appropriate by the landowner and governing council.

The City Council is comprised of a mayor and six members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and Municipal Judges. The mayor and the council members are elected on a non-partisan basis. Both the mayor and council members serve four-year terms. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors and heads of departments, and the performance of functions within the municipal organization.

The City of McKinney provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, water, sewer, airport, refuse collection and disposal, golf, traffic engineering, streets and infrastructure, community development (planning and zoning), economic development, public improvements, and general administrative services.

The financial reporting entity includes all funds of the primary government (i.e., the City of McKinney as legally defined), as well as the McKinney Urban Transit District, a separate legal entity. The McKinney Urban Transit District is included in governmental activities. Additionally, the financial statements include McKinney Economic Development Corporation (MEDC), McKinney Community Development Corporation (MCDC), McKinney Convention and Visitors Bureau (MCVB), McKinney Housing Finance Corporation (MHFC), and McKinney Main Street (MMS). These separate legal entities are reported as discretely presented component units on the government-wide statements.

LOCAL ECONOMY

McKinney has been one of the fastest growing cities in America since 2000. The City currently estimates population at 224,043. Compared to 195,308 in the 2020 census and 131,117 in the 2010 census, this is an increase of 15% and 71%, respectively.

This growth is due in large part to corporate relocations in McKinney's neighboring cities, including Toyota, State Farm Insurance, Liberty Mutual Insurance and the Dallas Cowboys. These major employers in Collin County create a positive economic overflow for McKinney through increased residential demand resulting in higher assessed values on property. In perspective, McKinney's assessed taxable values have increased 191% since fiscal year 2015.

In an effort to spur our economic growth in McKinney, the City works in conjunction with MEDC and MCDC to make McKinney rich with industry. McKinney is the home to major medical technology, data management, manufacturing, aviation, defense, mixed-use, office and retail. Companies range from Fortune 500 corporations to home-grown businesses. The impressive list includes Raytheon, Encore Wire, Baylor Medical Center at McKinney, Medical Center of McKinney, Torchmark/United American Insurance, UPS, PACCAR, Costco, and SRS Distribution.

The small business community is equally important to the vitality of McKinney's economy. McKinney's 176-year old city center, one of the oldest authentic historic downtowns in Texas, serves as a thriving retail, dining, entertainment and business destination with over 150 unique small businesses. In 2024, Tupps Brewery, in collaboration with the City and MCDC, completed its new facility at the historic grain site. This project established a distinctive destination in McKinney and serves as a catalyst for development on the City's east side.

McKinney's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life, and policy direction. All in all, the picture of McKinney is one of a vital community, facing the economic challenges and opportunities of the future with optimism and forethought.

LONG-TERM FINANCIAL PLANNING

The City prepares ten-year financial plans for the General Obligation Debt Service Fund and the General Fund. These longer range planning documents help capture the larger scope of projects that will accommodate and foster future growth, while maintaining financial stability. Both plans are updated and reviewed annually by Council during the budget process.

In 2024, the City completed a long-term water/wastewater rate study that included capital improvement needs in the foreseeable future. This study again made rate suggestions to include passing through all North Texas Municipal Water rate increases at a minimum, which continues to be adopted by the City Council since first proposed in 2016 and is revisited on an annual basis during the budget process.

GENERAL OBLIGATION DEBT SERVICE LONG-TERM FINANCIAL PLAN

This ten-year plan was developed and adopted to pair the City's long-term debt capacity with the City's capital project financing needs. This plan was used to guide a 2024 bond referendum for voter authorization towards projects planned over the next ten years.

Revenues for the plan, which come from property taxes, are projected at conservative levels and are compared to future estimates of debt service payments. The primary variables are the rate of increase in property tax, debt issuances and new capital improvement projects planned during the projection period. It is the City's policy that the percentage of tax rate allocated to debt services will not be more than 35%.

GENERAL FUND LONG-TERM FINANCIAL PLAN

This plan accounts for the future operating needs of the General Fund. It takes into consideration increased operational demands as result of McKinney's expected population growth, as well as the operational impact of the capital projects outlined in the General Obligation Debt Service Long-Term plan.

Revenues for the General Fund plan are projected at conservative levels and are compared to expenditure increase estimates. The primary variables are the rate of increase in revenues and new projects or programs planned during the projection period. The City's General Fund revenue primarily comes from property taxes, sales tax and franchise fees. The remainder comes from licenses/permits, charges for service, fines and interest income.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

During the annual budget process, the City of McKinney publishes a capital improvement plan, which outlines the first five years of projects contained within the General Obligation Debt Service Long-Term financial plan and the water/wastewater rate study. The City annually evaluates the need to issue debt using the five-year capital improvement plan, staying within the guidelines of the approved debt policy and the General Obligation Debt Service ten-year financial plan.

RELEVANT FINANCIAL POLICIES

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the City of McKinney City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the fund level. All annual appropriations lapse at fiscal year-end. Under the City's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

The annual budget serves as the foundation for the City of McKinney's financial planning and control. All requests for appropriation by the departments, divisions, and component units of the City of McKinney shall be furnished to the City Manager on or before August 1st each year. A proposed budget is presented to the City Council for review on or before August 15th. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Transfer of appropriations within a department and within funds may be made with approval from the City Manager or his designee. Transfers between funds or additional appropriation require the approval of the City Council.

TAX ABATEMENTS

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property tax revenues. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code.

Under these Codes, the City may award tax abatements/grants of up to 100 percent of a business's property and sales taxes for the purpose of attracting or retaining businesses within their jurisdiction. The abatements/grants may be awarded to any business located within or promising to relocate to the City of McKinney.

MAJOR INITIATIVES

The City of McKinney undertakes major initiatives based on City Council goals and strategies, dubbed as "McKinney First." These are the building blocks for McKinney's success.

MAXIMIZING THE POTENTIAL OF THE MCKINNEY NATIONAL AIRPORT
The City of McKinney is devoted to growing the present and future economic wealth within the City, and the McKinney National Airport is a driving force in keeping pace with the economic trends in North Texas. A recent economic impact study estimated the 2023 impact of McKinney National Airport at $299 million annually. Throughout fiscal year 2024, construction continued on a 1,500-foot runway extension. 500 feet of the extension has been completed to the south, while work progresses on the north extension. This extension will benefit the entire DFW area by allowing the airport to more effectively serve its role as a reliever for the region's commercial service airports. Also, construction is nearing completion on an additional corporate hangar and U.S. Customs Facility, with an expected completion of Spring 2025. Taxiway improvements and other ancillary projects are also underway, while private investment in airport facilities remains strong.

DIRECTION FOR STRATEGIC AND ECONOMIC GROWTH
The City of McKinney, in partnership with MEDC and MCDC, provides development incentive agreements to businesses that will improve the economic and social well-being of its citizens. Major projects incentivized in 2024 include, Tupps Brewery completing construction on their 50,000 square foot new facility, Plug & Play offering startup companies resources to grow in McKinney, and Raytheon completing construction on their 400,000 square foot factory, lab and office space.

ENHANCE THE QUALITY OF LIFE IN MCKINNEY
The City of McKinney is committed to leisure and recreational opportunities that enrich the quality of life for residents and visitors. Construction was completed on Robinson Ridge Neighborhood Park, a 15-acre park featuring four picnic shelters, a playground, exercise stations, a splash pad, a basketball court, a pickleball court, a hike and bike trail, and an open turf area for practice fields. Additionally, the first phase of the McKinney Soccer Complex has been completed. The project involved converting six natural grass soccer fields to artificial turf, constructing new restroom and concession buildings, and enhancing the entry features. Phase two of the construction will begin in Spring 2025, converting fields 5 to 8 to synthetic turf and upgrading fields 3 and 4 with high-quality grass. These improvements will significantly enhance the playability of the fields and increase the potential for hosting nationwide tournaments. Playground equipment replacements across various parks are ongoing.

OPERATIONAL EXCELLENCE
The City of McKinney holds transparency to be one of its highest values in achieving operational excellence. The city offers substantial transparency measures in an ongoing effort to provide a more open government and continues to add more ways residents can learn about city activities. The City maintains a transparency page on its website which offers news, projects, financial information, agendas, legal updates, hot topics, and other initiatives in one location. The site also includes an interactive financial reporting tool and a performance insight tracking tool to show how city departments are performing against City Council and department goals.

CAPITAL PROJECT INITIATIVES
For fiscal year 2024, major project initiatives included continued construction of a new municipal complex and a new Fire Department Administration facility, which will house offices, training, logistics, and a new fire station. Renovations to various athletic fields and parks throughout the City were ongoing. Design and construction continued for various water and street improvements citywide.

For fiscal year 2025, major project initiatives include the Roy & Helen Hall Library Re-imagine project and completion of the new municipal complex, as well as continued construction of the Fire Department Administration facility. A series of infrastructure projects is planned on the east side of McKinney National Airport to support the airport's continued growth as the west side nears buildout. These improvements will also facilitate future commercial service operations in response to air carrier interest. Numerous street and water/wastewater improvement projects will continue to move forward to accommodate population growth and address aging infrastructure needs.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McKinney for its ACFR for the fiscal year ended September 30, 2023. This was the fortieth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The current ACFR will be submitted to the GFOA where we expect it to meet the Certificate of Achievement eligibility requirements.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual program of services dated October 1, 2023. This is the fortieth consecutive year the City has received the award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy document, financial plan, operations guide, and communications device.

In 2024, McKinney retained all five Texas Comptroller of Public Accounts Transparency Stars in Traditional Finances, Debt Obligations, Contracts and Procurement, Economic Development, and Public Pensions, while also earning a sixth star for Open Government and Compliance—becoming the first city to achieve this distinction. This prestigious program honors local governments across Texas for their outstanding transparency efforts. Out of 217 applications submitted by local entities, only 13 received the maximum five Transparency Stars, with McKinney setting a new standard by earning a sixth.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department, our Audit Committee, and our independent auditors. We would like to express our sincere appreciation to those persons who have made possible the publication of this report. Credit also must be given to the Mayor, City Council and the City Manager's Office for their support for maintaining the highest standards of professionalism in the management of the City of McKinney's finances.

Respectfully submitted,

Mark Holloway
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

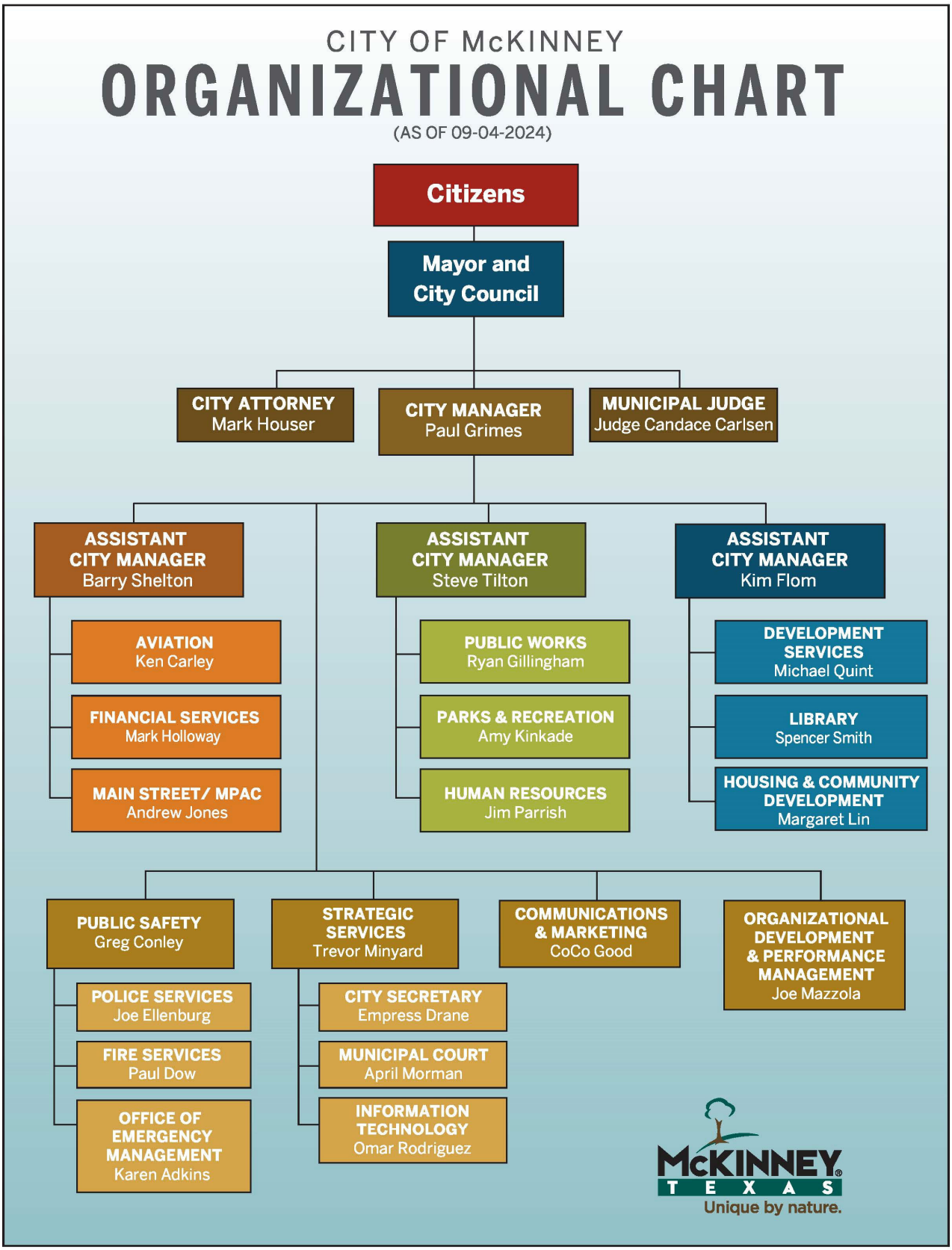
City of McKinney
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO


CITY OF McKINNEY
ORGANIZATIONAL CHART
(AS OF 09-04-2024)
Citizens
Mayor and City Council
CITY ATTORNEY Mark Houser
CITY MANAGER Paul Grimes
MUNICIPAL JUDGE Judge Candace Carlsen
ASSISTANT CITY MANAGER Barry Shelton
ASSISTANT CITY MANAGER Steve Tilton
ASSISTANT CITY MANAGER Kim Flom
AVIATION Ken Carley
FINANCIAL SERVICES Mark Holloway
MAIN STREET/ MPAC Andrew Jones
PUBLIC WORKS Ryan Gillingham
PARKS & RECREATION Amy Kinkade
HUMAN RESOURCES Jim Parrish
DEVELOPMENT SERVICES Michael Quint
LIBRARY Spencer Smith
HOUSING & COMMUNITY DEVELOPMENT Margaret Lin
PUBLIC SAFETY Greg Conley
STRATEGIC SERVICES Trevor Minyard
COMMUNICATIONS & MARKETING CoCo Good
ORGANIZATIONAL DEVELOPMENT & PERFORMANCE MANAGEMENT Joe Mazzola
POLICE SERVICES Joe Ellenburg
FIRE SERVICES Paul Dow
OFFICE OF EMERGENCY MANAGEMENT Karen Adkins
CITY SECRETARY Empress Drane
MUNICIPAL COURT April Morman
INFORMATION TECHNOLOGY Omar Rodriguez
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City of McKinney, Texas
City Officials

CITY COUNCIL

George Fuller, Mayor
Geré Feltus, Mayor Pro-Tem
Justin Beller
Patrick Cloutier
Rick Franklin
Charlie Philips
Michael Jones

CITY MANAGER

Paul Grimes

ASSISTANT CITY MANAGERS

Kim Flom
Barry Shelton
Steve Tilton

CHIEF FINANCIAL OFFICER

Mark Holloway

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Financial Section

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Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

Members of the City Council
City of McKinney, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McKinney, Texas (City), as of and for the year ended September 30, 2024, and the statement of revenues, expenditures, and changes in fund balance – budget and actual for the General Fund, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of the City Council
City of McKinney, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 26, 2025

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Management's Discussion and Analysis

As management of the City of McKinney, we offer readers of the City of McKinney financial statements this narrative overview and analysis of the financial activities of the City of McKinney for the fiscal year ended September 30, 2024. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of McKinney exceeded its liabilities and deferred inflows of resources at September 30, 2024, by $1,904 million (Net Position). Of this amount, $1,372 million (72%) are invested in capital assets which do not directly generate revenue and are not available to generate liquid capital. Net position restricted for specific purposes total $241 million (13%). The remaining $292 million (15%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of McKinney's net position increased by $177 million or 10%. Unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors, increased by $50 million or 21%.
- At the close of the current fiscal year, the City of McKinney's governmental funds reported combined ending fund balances of $551.3 million, an increase of $102.7 million in comparison to the prior year. Approximately $95.3 million, or 17%, of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- Within the combined fund balances, $5.3 million is non-spendable for inventory and prepaid items. Fund balance is restricted in the amounts of $9.6 million for debt service, $388.5 million is for street construction and other capital projects, and $14.0 million for courts, grants and the other external constraints of special revenue funds. Assignments of fund balance have been made in the amounts of $14.9 million for other postemployment benefits (OPEB), $22.4 million for capital equipment replacement, $0.6 million for disaster relief and $0.7 million for public and performing arts. The remaining $95.3 million is unassigned fund balance and can be used for any lawful purpose. The unassigned fund balance is equal to 47% of total general fund expenditures. This represents 19% more than the fund balance policy requirement of 25%.
- On a government-wide basis, the City's total liabilities increased by $167.7 million or 19% during the current fiscal year. Major contributable factors include debt issuances resulting in net increase of $143.2 million increase to bonds payable including associated changes in bond premiums.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of McKinney's basic financial statements. The City of McKinney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government – Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of McKinney's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of McKinney's assets, deferred outflows of resources and liabilities, with the difference between the total of assets and deferred outflows of resources and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of McKinney is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including administrative, police, fire, development, public works, parks, and library. Property taxes, sales taxes, hotel occupancy taxes, franchise fees, licenses and permit fees finance most of these activities.

- **Business-type Activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and wastewater system, solid waste system, airport, golf course and surface water drainage system are reported here.

- **Component Units** – The City includes five separate legal entities in its report –McKinney Economic Development Corporation, McKinney Community Development Corporation, McKinney Convention and Visitors Bureau, McKinney Main Street, and McKinney Housing Finance Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of McKinney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of McKinney can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The City of McKinney maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of McKinney adopts an annual appropriated budget for its general fund, debt service fund, capital projects fund, grants fund and non-major special revenue funds. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24-29.

- **Proprietary Funds.** The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Because these services benefit both governmental as well as business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City of McKinney maintains five individual enterprise funds to account for its water and wastewater, airport, solid waste, golf course, and surface water drainage. The water and wastewater fund and airport fund are considered major funds, while the solid waste fund, golf course fund and surface water drainage fund are considered as non-major funds of the City. Individual fund data for each of these funds is provided in the form of combining statements in this report.

  The City of McKinney uses the internal service funds as an accounting device to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to account for the claims of the City's self-funded insurance program and risk management program.

  The basic proprietary fund financial statements can be found on pages 30-33.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-89.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City of McKinney's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees, which can be found on pages 92-99.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 105-139 of this report.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of McKinney, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,904 million as of September 30, 2024.

By far the largest portion of the City's net position, $1,372 million or 72% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of McKinney's net position, $241 million or 13%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $292 million or 15% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Assets						
Current and other assets	$ 644,286	$ 526,979	$ 459,498	$ 398,845	$ 1,103,784	$ 925,824
Capital assets	1,042,419	947,851	792,571	707,513	1,834,990	1,655,364
Total assets	1,686,705	1,474,830	1,252,069	1,106,358	2,938,774	2,581,188
Deferred outflows of resources	33,050	45,893	7,118	9,265	40,168	55,158
Liabilities						
Other liabilities	53,567	41,151	60,480	48,592	114,047	89,743
Long-term liabilities outstanding	613,949	501,676	311,809	280,645	925,758	782,321
Total liabilities	667,516	542,827	372,289	329,237	1,039,805	872,064
Deferred inflows of resources	24,364	25,702	10,362	10,815	34,726	36,517
Net position						
Net investment in capital assets	720,559	682,445	651,140	595,684	1,371,699	1,278,129
Restricted	216,732	183,572	24,015	24,089	240,747	207,661
Unrestricted	90,584	86,177	201,381	155,798	291,965	241,975
Total net position	$ 1,027,875	$ 952,194	$ 876,536	$ 775,571	$ 1,904,411	$ 1,727,765

The City of McKinney's net position increased by $177 million during the current fiscal year. This was driven by an increase in governmental and business-type net position of $75.7 million and $101.0 million, respectively. Details are listed in the table below.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Revenues:						
Program revenues:						
Charges for services	$ 35,214	$ 40,900	$ 180,395	$ 166,958	$ 215,609	$ 207,858
Operating grants and contributions	5,231	6,236	5,488	50	10,719	6,286
Capital grants and contributions	70,092	119,592	61,641	85,850	131,733	205,442
General revenues:						
Property taxes	159,252	147,760	-	-	159,252	147,760
Sales taxes	51,747	48,394	-	-	51,747	48,394
Franchise taxes	20,467	19,398	-	-	20,467	19,398
Other taxes and fees	203	243	-	-	203	243
Investment income	35,690	22,578	24,960	14,882	60,650	37,460
Other revenues	4,342	4,405	8,165	(20)	12,507	4,385
Total revenues	382,238	409,506	280,649	267,720	662,887	677,226
Expenses:						
General government	71,474	48,694	-	-	71,474	48,694
Police	54,338	50,630	-	-	54,338	50,630
Fire	49,868	49,176	-	-	49,868	49,176
Libraries	5,038	4,825	-	-	5,038	4,825
Development	15,533	15,593	-	-	15,533	15,593
Parks and recreation	31,679	28,401	-	-	31,679	28,401
Public works	64,771	58,471	-	-	64,771	58,471
Interest on long-term debt	19,073	12,234	-	-	19,073	12,234
Airport	-	-	16,592	18,459	16,592	18,459
Water/Wastewater	-	-	142,757	126,622	142,757	126,622
Solid Waste	-	-	10,266	9,285	10,266	9,285
Golf Course	-	-	64	496	64	496
Surface Water Drainage	-	-	4,787	4,342	4,787	4,342
Total expenses	311,774	268,024	174,466	159,204	486,240	427,228
Increase (decrease) in net position before transfers and special items	70,464	141,482	106,183	108,516	176,647	249,998
Transfers	5,218	7,167	(5,218)	(7,167)	-	-
Increase (decrease) in net position	75,682	148,649	100,965	101,349	176,647	249,998
Net Position - Beginning	952,193	803,545	775,571	674,222	1,727,764	1,477,767
Net Position - Ending	$ 1,027,875	$ 952,194	$ 876,536	$ 775,571	$ 1,904,411	$ 1,727,765

Governmental Activities

Governmental activities increased the City's net position by $75.7 million during the current fiscal year. The key elements of this increase are as follows:

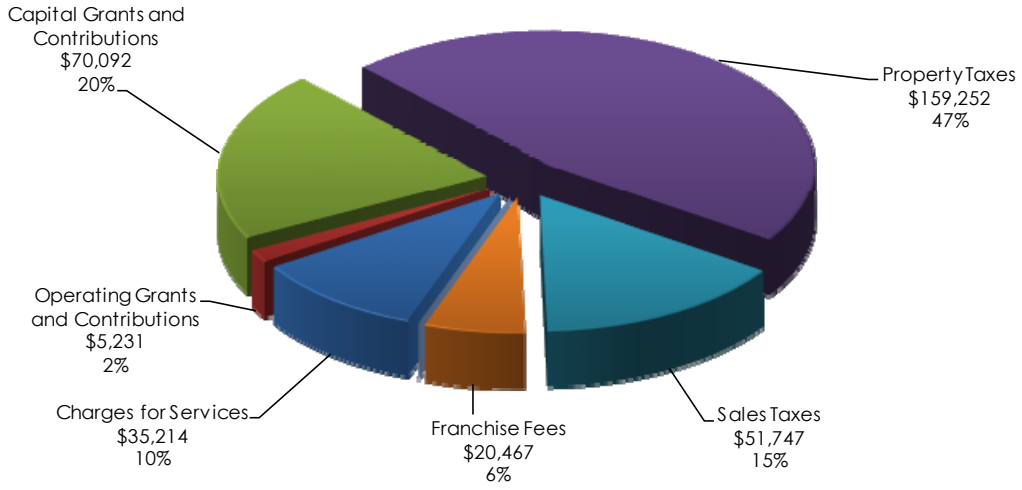
Revenues

- Property Taxes increased by $11.7 million as a result of a 15% increase in certified taxable value.
- Intergovernmental revenue decreased $16.7 million or 52% due to ARPA revenue decreasing by $20 million.
- Contributions decreased by $16.7 million or 50% due to one time parkland fees and roadway impact fees in FY 2023.

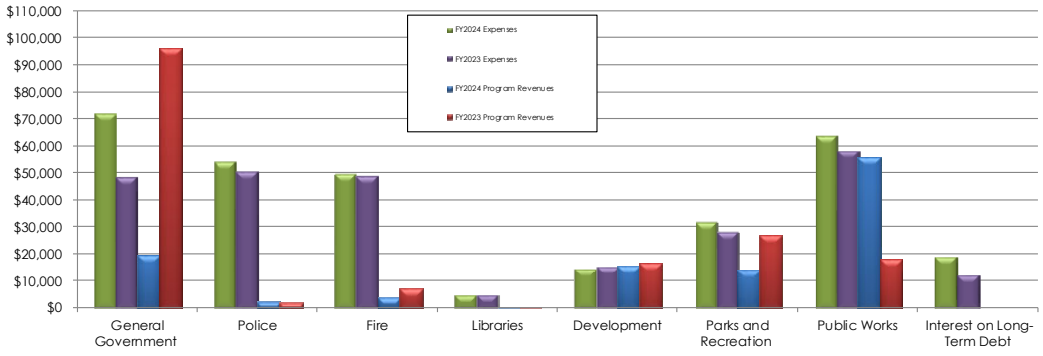
Expenses

- Police and Fire increased $3.9 million and $1.1 million, respectively, due to new positions added, and pay plan adjustments/step increases.
- Capital outlay increased $10.3 million due to additions to projects in FY 2024.

Revenues by Source - Governmental Activities (in Thousands)


Capital Grants and Contributions $70,092 20%
Property Taxes $159,252 47%
Operating Grants and Contributions $5,231 2%
Charges for Services $35,214 10%
Franchise Fees $20,467 6%
Sales Taxes $51,747 15%

Expenses and Program Revenues - Governmental Activities (in Thousands)



Business-type Activities

Business-type activities increased the City of McKinney's net position by $101.0 million, accounting for the increase in the government's net position. Key elements of this increase are as follows:

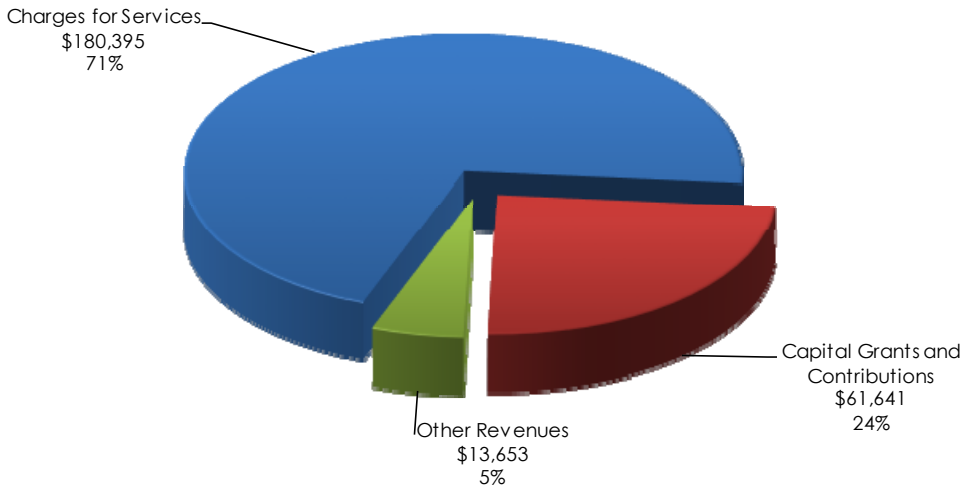
Revenues

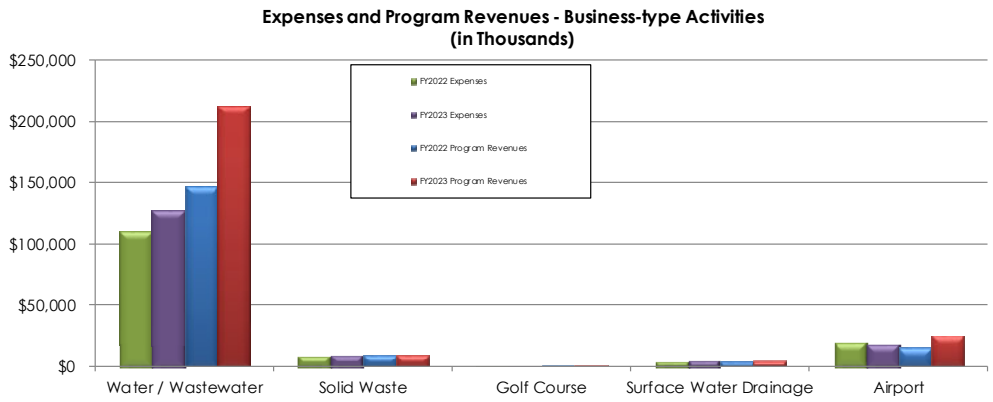
- The Water/Wastewater Fund's operating revenues increased by $14.1 million, or 10% as a result of adding approximately 1,800 new customer accounts.
- The Water/Wastewater Fund received capital contributions of $58.8 million relating to continued development in the City.
- The Airport Fund received intergovernmental revenue of $5.5 million relating to continued development at the Airport.

Expenses

- The Water/Wastewater Fund's operating expenses increased by of $15 million or 13%. This increase is attributed to an increase of $9 million in water purchases from North Texas Municipal Water District.
- The Airport Fund's operating expenses decreased by $1.9 million or 10.2%. This decrease is mainly attributed to a decrease of $900 thousand in fuel purchases.

Revenues by Source - Business-Type Activities
(in Thousands)





Financial Analysis of the City's Funds

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $551.3 million, an increase of $102.7 million or 23% in comparison to the prior year. Approximately $95.3 million or 68% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either considered non-spendable, restricted, or assigned in conformance with GASB 54 requirements. Please see page 24 for financial details and notes to financial statements for category definitions.

General Fund. The general fund is the chief operating fund of the City of McKinney. At the end of the current fiscal year, the unassigned general fund balance was $95.3 million, while total fund balance was $139.6 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45% of total general fund expenditures.

General fund balance increased $7.6 million, or 6%, over the prior year due to increases in property tax revenue from higher property valuations and strong investment income due to favorable market conditions.

The original budget included a planned decrease in fund balance of $7.5 million. However, the general fund balance increased by $7.6 million or 6% during the current fiscal year. Actual revenue was above budget by $1.2 million primarily related to investment income being $3.4 million over the original budget.

Debt Service Fund. The debt service fund had a total fund balance of $9.6 million, an increase of $867 thousand over the prior year.

Capital Projects Fund. The governmental capital projects fund had an ending fund balance of $353.7 million. Total expenditures for the current year were $123.7 million. The large fund balance is due primarily to the issuance of long-term debt during the fiscal year. A second factor contributing to the large fund balance is the result of many unfinished projects. Most of the projects have long duration due to the acquisition of right-of-way and construction phases. Major expenditures incurred during the current year included construction of the new Municipal Complex.

Proprietary Funds
The City's proprietary funds provide the same type of information that is found in the government-wide financial statements for business-type activities, but in more detail. At September 30, 2024, net position of the proprietary funds included the following amounts of net position:

Water and Wastewater Fund. Water and Wastewater Fund net position increased by $61.7 million resulting primarily from capital contributions. Operating revenues totaled $153.0 million, an increase of $15.2 million, or 11% over the prior year due to adding approximately 1,800 new customer accounts. Operating expenses in the Water and Wastewater Fund were $131.8 million, an increase of $15.0 million or 13% over the prior year, primarily a result of the increases in NTMWD water purchase rates and sewer service charges.

Airport Fund. The City's Airport Fund ended the year with a net position of $177.5 million, which was an increase of $37.8 million compared to the previous year. Operating revenues increased by $4.8 million, primarily driven by $5.5 million in intergovernmental revenue. Additionally, the Airport Fund received $26.9 million in transfers to support airport development. Operating expenses declined by $1.9 million, largely due to a reduction in fuel purchases for resale.

Solid Waste Fund. The City's Solid Waste Fund net position increased by $339 thousand. Operating revenues totaled $10.3 million, which was an increase of $235 thousand as compared to the previous year. Operating expenses and net transfers were $10.7 million which were $440 thousand higher than the previous year.

Golf Course Fund. The Golf Course Fund net position increased by $1.2 million. Revenues were approximately $247 thousand which as mainly attributable to the contract fee. Expenses were primarily depreciation totaling $64 thousand. In October 2008, the management of the golf course was outsourced to a contractor, DWW Golf Management. The contractor is responsible for collecting all revenues and budgeting for operating expenses. Under the contract terms, the City of McKinney collects an amount equal to 8% of gross revenues.

Surface Water Drainage Fund. The Surface Water Drainage Fund's net position decreased by $94 thousand to $6.3 million. Charges for services remained relatively consistent with the prior year at $4.8 million.

General Fund Budgetary Highlights

The actual FY2023-24 expenditures were $214 million, $6.2 million less than the final budget of $220.2 million. However, at the end of the year, $3.7 million of budgeted vehicles were re-appropriated to fiscal year 2025.

Actual revenues were $213.1 million or $1.2 million more than the $211.9 million budget plan. The final revenue budget was $6.1 million more than the original adopted budget mainly attributed to the increase in licenses and permits.

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of the fiscal year, the City had $1.83 billion invested in a broad range of capital assets, including land and buildings, roads, bridges, water and wastewater systems, drainage systems, park facilities, and police and fire equipment, as well as right-to-use lease and SBITA assets. This amount represents a net increase (including additions and deductions) of $180 million over the prior fiscal year.

Capital assets, net of accumulated depreciation in thousands, for governmental activities and business-type activities are summarized as follows:

Table 4
Capital Assets at Year-end
(Net Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Land	$ 93,657	$ 94,957	$ 53,898	$ 54,357	$ 147,555	$ 149,314
Works of art	1,060	1,054	-	-	1,060	1,054
Construction in progress	235,438	161,250	69,718	62,893	305,156	224,143
Buildings	175,054	180,953	49,596	46,294	224,650	227,247
Right-to-use leased assets	4,821	1,575	306	88	5,127	1,663
SBITA assets	96	666	-	-	96	666
Infrastructure	503,069	478,509	589,698	534,551	1,092,767	1,013,060
Machinery and equipment	29,190	28,859	29,355	9,330	58,545	38,189
Service animals	34	28	-	-	34	28
Total	$ 1,042,419	$ 947,851	$ 792,571	$ 707,513	$ 1,834,990	$ 1,655,364

Capital project commitments as of September 30, 2024:

Description	Appropriated Commitment
Water/Wastewater Projects	$ 28,443,269
Streets Projects	46,420,737
Parks Projects	25,438,893
Public Safety Projects	17,326,629
Municipal Facilities	104,689,947
Airport Projects	29,679,454
	$ 251,998,929

Additional information about the City's capital assets is presented in Note (3) to the financial statements at pages 59-62.

Long-term Debt. At year end, the City had $804 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds. The total debt was $661 million at the end of the prior fiscal year. This represents an increase of 22%. All outstanding debt is summarized in thousands below:

	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
General obligation bonds, certificates of obligations and tax notes (backed by the City)	$ 510,209	$ 395,408	$ -	$ -	$ 510,209	$ 395,408
Revenue bonds (backed by fee revenues)	-	-	294,117	265,701	294,117	265,701
Totals	$ 510,209	$ 395,408	$ 294,117	$ 265,701	$ 804,326	$ 661,109

In 2024, the City once again received the highest ratings issued from two major credit rating agencies for its general obligation (GO) bonds. Moody's Investors Service reaffirmed its Aaa rating and Standard and Poor's reaffirmed its AAA rating for the City's general obligation bonds. The city reaffirmed ratings of Aa1 from Moody's and AA+ with stable outlook from Standard and Poor's for its water and wastewater utilities system.

Additional information on the long-term debt can be found in Note (3) to the financial statements starting at page 65.

V. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of McKinney, Texas continues to be financially strong. Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget, tax rates and fees that will be charged for the business-type activities. The priority for fiscal year 2025 continues to be maintaining quality service while observing prudent spending practices.

Highlights of the 2025 budget include:

- Balanced budget, with total revenues equal to or greater than total expenditures
- Property tax rate reduced by just over one cent to $0.415513 cents per $100 assessed value
- Total City budget $888 million
- General Fund budget $219.4 million
- Increased and sustained funding for equipment and facilities improvements
- Budget supplemental funding of $16.2 million ($5.8 million for additional staff and other recurring costs, $10.4 million for one-time costs) to accommodate citywide departmental needs and operating impacts from Capital Improvement Program
- Additional 50 full-time equivalent (FTE) positions (39 in the General Fund and 11 in other funds)

The property tax rate for fiscal year 2025 decreased from $0.427513 to $0.415513 per $100 assessed value.

Requests for Information

The financial report is designed to provide a general overview of the City of McKinney's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of McKinney, 222 North Tennessee Street, McKinney, Texas 75069.

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Basic Financial Statements

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City of McKinney, Texas
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 183,709,833	$ 23,830,921	$ 207,540,754	$ 51,859,103
Investments	173,377,104	75,544,545	248,921,649	61,770,450
Receivables (net of allowance for uncollectibles)	24,892,114	24,565,534	49,457,648	9,147,312
Notes receivable	-	-	-	770,000
Leases receivable	14,194,103	9,528,692	23,722,795	717,896
Internal balances	498,914	(498,914)	-	-
Due from other governments	796,663	1,873,638	2,670,301	-
Other assets	-	-	-	51
Inventory	378,820	1,151,886	1,530,706	-
Prepaid items	4,893,586	1,743,650	6,637,236	65,077
Restricted assets:				
Cash and cash equivalents	241,544,673	232,912,656	474,457,329	4,152,604
Investments	-	87,268,053	87,268,053	-
Accrued interest receivable	-	1,577,218	1,577,218	-
Capital assets:				
Non depreciable	330,154,597	123,615,357	453,769,954	78,434,434
Depreciable/amortizable (net)	712,264,600	668,955,597	1,381,220,197	21,943,701
Total assets	1,686,705,007	1,252,068,833	2,938,773,840	228,860,628
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	28,994,460	3,878,563	32,873,023	520,312
Deferred OPEB outflows	2,996,578	287,118	3,283,696	38,518
Deferred charge for refunding	1,059,456	167,751	1,227,207	63,173
Excess consideration provided for acquisition	-	2,784,235	2,784,235	-
Total deferred outflows of resources	33,050,494	7,117,667	40,168,161	622,003
LIABILITIES				
Accounts payable	29,979,949	14,722,742	44,702,691	577,462
Other accrued liabilities	16,005,553	6,212,393	22,217,946	50,031
Unearned revenue	3,105,896	32,898,646	36,004,542	5,371,714
Accrued interest payable	2,586,285	519,051	3,105,336	92,688
Deposits	1,888,893	6,127,552	8,016,445	10,000
Non-current liabilities:				
Due within one year:				
Compensated absences	1,749,088	183,934	1,933,022	18,802
Bonds payable	42,055,747	14,689,390	56,745,137	3,350,000
Subscription liability	48,077	-	48,077	-
Right-to-use lease liability	1,841,225	74,761	1,915,986	263,991
Due in more than one year:				
Arbitrage liability	3,435,879	5,507,167	8,943,046	-
Compensated absences	17,685,218	1,859,782	19,545,000	190,108
Bonds payable	468,152,949	279,427,999	747,580,948	27,845,000
Subscription liability	50,000	-	50,000	
Right-to-use lease liability	3,201,956	250,235	3,452,191	2,673,158
Net pension liability	58,288,130	7,797,151	66,085,281	1,045,990
Total OPEB liability	17,441,079	2,018,467	19,459,546	270,777
Total liabilities	667,515,924	372,289,270	1,039,805,194	41,759,721
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	285,086	38,135	323,221	5,116
Deferred OPEB inflows	10,834,328	1,278,780	12,113,108	171,548
Deferred lease inflows	13,244,757	9,044,598	22,289,355	685,524
Total deferred inflows of resources	24,364,171	10,361,513	34,725,684	862,188
NET POSITION				
Net investment in capital assets	720,559,595	651,139,586	1,371,699,181	66,309,159
Restricted for:				
Use of impact fees	13,517,353	4,014,734	17,532,087	-
Debt service	7,589,730	20,000,110	27,589,840	4,131,524
Capital projects	146,658,914	-	146,658,914	-
Public safety	1,004,320	-	1,004,320	-
Community development	44,908,578	-	44,908,578	-
Court	392,011	-	392,011	-
PEG	2,292,793	-	2,292,793	-
Grants and donations	368,132	-	368,132	-
Unrestricted	90,583,980	201,381,287	291,965,267	116,420,039
TOTAL NET POSITION	$ 1,027,875,406	$ 876,535,717	$ 1,904,411,123	$ 186,860,722

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas

Statement of Activities

For The Year Ended September 30, 2024

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	$ 71,474,309	$ 8,046,673	$ 1,947,715	$ 9,405,006
Police	54,337,908	248,851	2,002,106	-
Fire	49,867,885	3,722,987	45,688	125,907
Libraries	5,037,577	29,770	6,692	-
Development	15,533,129	14,602,968	703,593	47,201
Parks and recreation	31,679,247	6,887,482	525,781	6,590,325
Public works	64,770,851	1,674,777	-	53,923,790
Interest on long-term debt	19,073,427	-	-	-
Total governmental activities	311,774,333	35,213,508	5,231,575	70,092,229
Business-type activities:				
Water/wastewater	142,757,565	151,771,050	-	58,837,140
Solid waste	10,265,503	10,311,782	-	29,794
Golf course	63,639	114,364	-	1,048,072
Surface water drainage	4,786,747	4,779,930	-	-
Airport	16,591,981	13,418,411	5,488,030	1,725,938
Total business-type activities	174,465,435	180,395,537	5,488,030	61,640,944
TOTAL PRIMARY GOVERNMENT	$ 486,239,768	$ 215,609,045	$ 10,719,605	$ 131,733,173
COMPONENT UNITS				
Governmental activities:				
McKinney Economic Development Corp	$ 11,464,994	$ -	$ 399,110	$ -
McKinney Community Development Corp	15,834,277	-	95,728	3,437,531
McKinney Convention & Visitors Bureau	1,345,113	-	1,282,000	-
McKinney Main Street Corporation	1,398,264	1,275,933	209,500	-
	30,042,648	1,275,933	1,986,338	3,437,531
Business-type activities:				
McKinney Housing Finance Corporation	23,313	670,654	-	-
TOTAL COMPONENT UNITS	$ 30,065,961	$ 1,946,587	$ 1,986,338	$ 3,437,531
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Investment income (loss)				
Gain on sale of assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
NET POSITION - ENDING				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (52,074,915)	$ -	$ (52,074,915)	$ -
(52,086,951)	-	(52,086,951)	-
(45,973,303)	-	(45,973,303)	-
(5,001,115)	-	(5,001,115)	-
(179,367)	-	(179,367)	-
(17,675,659)	-	(17,675,659)	-
(9,172,284)	-	(9,172,284)	-
(19,073,427)	-	(19,073,427)	-
(201,237,021)	-	(201,237,021)	-
-	67,850,625	67,850,625	-
-	76,073	76,073	-
-	1,098,797	1,098,797	-
-	(6,817)	(6,817)	-
-	4,040,398	4,040,398	-
-	73,059,076	73,059,076	-
(201,237,021)	73,059,076	(128,177,945)	-
$ -	$ -	$ -	$ (11,065,884)
-	-	-	(12,301,018)
-	-	-	(63,113)
-	-	-	87,169
-	-	-	(23,342,846)
-	-	-	647,341
$ -	$ -	$ -	$ (22,695,505)
$ 159,252,278	$ -	$ 159,252,278	$ -
51,747,455	-	51,747,455	47,766,142
20,466,956	-	20,466,956	-
202,580	-	202,580	-
35,689,804	24,959,506	60,649,310	6,046,274
-	6,972,513	6,972,513	679,629
4,342,261	1,191,847	5,534,108	82,545
5,217,826	(5,217,826)	-	-
276,919,160	27,906,040	304,825,200	54,574,590
75,682,139	100,965,116	176,647,255	31,879,085
952,193,267	775,570,601	1,727,763,868	154,981,637
$ 1,027,875,406	$ 876,535,717	$1,904,411,123	$ 186,860,722

City of McKinney, Texas
Balance Sheet
Governmental Funds
September 30, 2024

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 51,414,259	$ 10,496,847	$ 299,569,091	$ 46,650,660	$ 408,130,857
Investments	80,444,210	-	85,657,105	-	166,101,315
Receivables (net of allowance for uncollectibles):					
Ad valorem taxes	1,247,009	579,549	-	-	1,826,558
Accounts	5,599,357	-	41,749	34,574	5,675,680
Notes	1,156,052	-	-	1,500,000	2,656,052
Leases	14,194,103	-	-	-	14,194,103
Other taxes and fees	11,376,891	-	-	337,613	11,714,504
Accrued interest	881,643	85,426	1,202,760	-	2,169,829
Due from other funds	550,214	-	-	-	550,214
Due from other governments	35,585	-	-	761,078	796,663
Inventory	378,820	-	-	-	378,820
Prepaid items	4,791,810	-	101,776	-	4,893,586
Total assets	$ 172,069,953	$ 11,161,822	$ 386,572,481	$ 49,283,925	$ 619,088,181
LIABILITIES					
Accounts payable	$ 6,395,306	$ 985,807	$ 20,563,653	$ 384,497	$ 28,329,263
Other accrued liabilities	4,846,870	-	10,947,224	61,509	15,855,603
Deposits	1,888,893	-	-	-	1,888,893
Due to other funds	-	-	-	51,300	51,300
Unearned revenue	1,422,391	-	1,393,641	289,864	3,105,896
Total liabilities	14,553,460	985,807	32,904,518	787,170	49,230,955
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	4,707,037	621,777	-	-	5,328,814
Leases	13,244,757	-	-	-	13,244,757
Total deferred inflows of resources	17,951,794	621,777	-	-	18,573,571
FUND BALANCES					
NONSPENDABLE:					
Inventory	378,820	-	-	-	378,820
Prepaid items	4,791,810	-	101,776	-	4,893,586
RESTRICTED:					
Debt service	-	9,554,238	-	-	9,554,238
Street construction	-	-	153,222,384	-	153,222,384
Capital projects	-	-	200,343,803	34,935,267	235,279,070
Law enforcement	77,068	-	-	1,073,317	1,150,385
Courts	392,011	-	-	-	392,011
Fire	-	-	-	45,208	45,208
PEG	-	-	-	2,292,793	2,292,793
Community housing	-	-	-	1,583,670	1,583,670
Hotel/Motel	-	-	-	8,389,641	8,389,641
Transit	-	-	-	152,430	152,430
Grants	-	-	-	24,429	24,429
ASSIGNED:					
Capital equipment replacement	22,421,057	-	-	-	22,421,057
Disaster relief	581,076	-	-	-	581,076
OPEB	14,918,758	-	-	-	14,918,758
Public & performing arts	690,447	-	-	-	690,447
UNASSIGNED	95,313,652	-	-	-	95,313,652
Total fund balances	139,564,699	9,554,238	353,667,963	48,496,755	551,283,655
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 172,069,953	$ 11,161,822	$ 386,572,481	$ 49,283,925	$ 619,088,181

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2024

Fund balances of governmental funds		$ 551,283,655
Amounts reported for governmental activities in the statement of net position are different because:		
Receivables not measurable and available within 60 days of year-end, and therefore are unavailable in the fund financial statements.		5,328,814
Capital assets (net of accumulated depreciation/amortization) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation/amortization.		1,042,419,197
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred pension outflows	$ 28,994,460	
Deferred OPEB outflows	2,996,578	
Deferred charge on refunding	1,059,456	
Deferred pension inflows	(285,086)	
Deferred OPEB inflows	(10,834,328)	21,931,080
Internal service funds are used by management to charge the cost of certain activities, including self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		23,448,293
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(2,586,285)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General and certificates of obligation bonds	$(475,310,000)	
Bond premiums	(34,898,696)	
Arbitrage liability	(3,435,879)	
Subscription liability	(98,077)	
Right-to-use lease liability	(5,043,181)	
Net pension liability	(58,288,130)	
Total OPEB liability	(17,441,079)	
Compensated absences	(19,434,306)	(613,949,348)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$1,027,875,406

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2024

	General	Debt Service	Capital Projects
REVENUES			
Property taxes	$ 102,698,733	$ 51,918,649	$ -
Sales and use taxes	44,204,599	-	-
Franchise fees	20,423,100	-	-
Other taxes and fees	-	-	-
Licenses and permits	15,656,963	-	-
Intergovernmental	1,733,239	-	10,892,808
Charges for services	14,667,145	-	-
Fines and forfeitures	1,675,387	-	-
Investment income (loss)	10,206,537	2,332,265	18,968,282
Contributions	540,244	-	15,930,742
Miscellaneous	1,293,806	-	-
Total revenues	213,099,753	54,250,914	45,791,832
EXPENDITURES			
Current:			
General government	44,933,211	-	1,082,020
Police	49,867,021	-	-
Fire	44,631,968	-	36,027
Libraries	4,285,065	-	-
Development	14,580,882	-	-
Parks and recreation	22,386,113	-	1,936,178
Public works	19,982,124	-	5,130,330
Debt Service:			
Principal retirement	2,428,219	36,605,000	-
Interest and fiscal charges	296,475	17,722,556	1,411,455
Capital Expenditures:			
General government	5,632,719	-	60,835,398
Police	902,486	-	-
Fire	1,288,258	-	16,750,663
Libraries	-	-	155,039
Development	737,279	-	-
Parks and recreation	633,554	-	16,818,616
Public works	1,479,973	-	19,524,815
Total expenditures	214,065,347	54,327,556	123,680,541
Excess (deficiency) of revenues over (under) expenditures	(965,594)	(76,642)	(77,888,709)
OTHER FINANCING SOURCES (USES)			
Other financing source-issuance of long-term debt	-	-	147,773,326
Other financing source-issuance of refunding debt	-	1,764,004	-
Deposit to bond refunding escrow account	-	(1,750,625)	-
Premium on issuance of debt	-	-	8,196,640
Proceeds from sale of property	2,940,234	-	-
Lease proceeds	5,550,100	-	-
Transfers in	9,533,199	929,981	43,680,000
Transfers out	(9,430,000)	-	(24,000,000)
Total other financing sources (uses)	8,593,533	943,360	175,649,966
Net change in fund balances	7,627,939	866,718	97,761,257
Fund balances, beginning of year	131,936,760	8,687,520	255,906,706
FUND BALANCES, END OF YEAR	$ 139,564,699	$ 9,554,238	$ 353,667,963

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 4,368,325	$ 158,985,707
7,542,856	51,747,455
-	20,423,100
202,580	202,580
-	15,656,963
3,068,199	15,694,246
-	14,667,145
233,432	1,908,819
2,526,543	34,033,627
30,115	16,501,101
19,177	1,312,983
17,991,227	331,133,726
4,981,284	50,996,515
164,897	50,031,918
48,213	44,716,208
-	4,285,065
608,327	15,189,209
-	24,322,291
-	25,112,454
275,000	39,308,219
706,634	20,137,120
-	66,468,117
125,800	1,028,286
93,021	18,131,942
-	155,039
-	737,279
-	17,452,170
-	21,004,788
7,003,176	399,076,620
10,988,051	(67,942,894)
-	147,773,326
-	1,764,004
-	(1,750,625)
-	8,196,640
-	2,940,234
-	5,550,100
270,000	54,413,180
(14,765,354)	(48,195,354)
(14,495,354)	170,691,505
(3,507,303)	102,748,611
52,004,058	448,535,044
$ 48,496,755	$ 551,283,655

City of McKinney, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2024

Net change in fund balances- total governmental funds.		$ 102,748,611
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		119,646,040
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		43,128,457
Depreciation and amortization expense on capital assets, right-to-use lease assets, and SBITA assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.		(57,968,777)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds	$ 36,880,000	
Subscription liability	725,292	
Right-to-use lease liability	1,702,927	39,308,219
The issuance of long-term debt, such as bonds and leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net position as debt obligations with corresponding balances amortized over the life of the bonds. Issuance of long-term debt and recognition and amortization of these differences consist of the following:		
Issuance of long term-debt	$ (149,525,000)	
Issuance of refunding debt		
Deposit to bond refunding escrow agent	1,750,625	
Recognition of premium on debt issuance	(8,196,640)	
Amortization of refunding loss	(279,876)	
Amortization of bond premium	4,326,097	(151,924,794)
The arbitrage liability is considered a long-term liability, and thus not recognized on the fund level financial statements.		(2,293,218)
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.		(2,766,333)
Current year change in long-term liability for compensated absences does not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(1,783,907)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(689,308)
Internal service funds are used by management to share the costs of certain activities including self-insurance to individual funds.		2,731,525
In the governmental fund financial statements, the proceeds from the sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.		(15,336,233)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		881,857
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 75,682,139

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures and Changes
in Fund Balances- Budget (GAAP Basis) and Actual-General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 103,938,879	$ 104,163,879	$ 102,698,733	$ (1,465,146)
Sales and use taxes	43,290,967	43,266,758	44,204,599	937,841
Franchise fees	19,036,787	19,812,754	20,423,100	610,346
Licenses and permits	14,687,545	16,504,045	15,656,963	(847,082)
Intergovernmental	1,549,905	1,748,298	1,733,239	(15,059)
Charges for services	16,089,139	16,278,696	14,667,145	(1,611,551)
Fines and forfeitures	1,447,300	1,786,300	1,675,387	(110,913)
Investment income (loss)	5,694,000	6,811,885	10,206,537	3,394,652
Contributions	555,100	555,100	540,244	(14,856)
Miscellaneous	716,575	965,799	1,293,806	328,007
Total revenues	207,006,197	211,893,514	213,099,753	1,206,239
EXPENDITURES				
General government	48,999,057	52,724,600	53,290,624	(566,024)
Police	53,114,821	53,594,635	50,769,507	2,825,128
Fire	44,370,508	47,157,390	45,920,226	1,237,164
Libraries	4,366,090	4,401,027	4,285,065	115,962
Development	15,801,564	15,671,961	15,318,161	353,800
Parks and recreation	22,779,053	23,483,476	23,019,667	463,809
Public works	21,794,650	23,205,927	21,462,097	1,743,830
Total expenditures	211,225,743	220,239,016	214,065,347	6,173,669
Excess (deficiency) of revenues over (under) expenditures	(4,219,546)	(8,345,502)	(965,594)	7,379,908
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	455,000	2,080,000	2,940,234	860,234
Lease proceeds	-	-	5,550,100	5,550,100
Transfers in	5,557,524	8,533,199	9,533,199	1,000,000
Transfers out	(9,280,000)	(9,430,000)	(9,430,000)	-
Total other financing sources (uses)	(3,267,476)	1,183,199	8,593,533	7,410,334
Net change in fund balances	(7,487,022)	(7,162,303)	7,627,939	14,790,242
Fund balances, beginning of year	131,936,760	131,936,760	131,936,760	-
Fund balances, end of year	$ 124,449,738	$ 124,774,457	$ 139,564,699	$ 14,790,242

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,925,538	$ 7,275,348	$ 11,630,035	$ 23,830,921	$ 16,799,377
Investments	75,544,545	-	-	75,544,545	7,275,789
Restricted assets:					
Cash and cash equivalents	206,638,008	26,264,648	10,000	232,912,656	324,272
Receivables (net of allowance for uncollectibles)	21,275,147	375,829	2,311,361	23,962,337	806,034
Accrued interest receivable	542,091	-	61,106	603,197	43,457
Due from other funds	15,829	-	-	15,829	-
Notes receivable- interfund	-	-	2,873,168	2,873,168	-
Leases receivable	-	9,528,692	-	9,528,692	-
Due from other governments	1,873,638	-	-	1,873,638	-
Inventory	1,013,227	138,659	-	1,151,886	-
Prepaid items	43,460	1,700,190	-	1,743,650	-
Total current assets	311,871,483	45,283,366	16,885,670	374,040,519	25,248,929
Noncurrent assets:					
Restricted assets:					
Investments	55,030,773	32,237,280	-	87,268,053	-
Accrued interest receivable	923,707	653,511	-	1,577,218	-
Total restricted assets	55,954,480	32,890,791	-	88,845,271	-
Capital assets:					
Land	13,278,340	40,052,693	566,509	53,897,542	-
Buildings	10,893,118	60,497,658	1,815,054	73,205,830	-
Improvements other than buildings	714,974,208	83,512,546	3,763,497	802,250,251	-
Machinery and equipment	29,525,440	2,617,652	11,704,205	43,847,297	-
Right-to-use lease asset	-	532,172	-	532,172	-
Construction in progress	50,779,254	18,786,546	152,015	69,717,815	-
Less accumulated depreciation/amortization	(187,039,720)	(57,652,915)	(6,187,318)	(250,879,953)	-
Total capital assets (net of accumulated depreciation)	632,410,640	148,346,352	11,813,962	792,570,954	-
Total noncurrent assets	688,365,120	181,237,143	11,813,962	881,416,225	-
TOTAL ASSETS	1,000,236,603	226,520,509	28,699,632	1,255,456,744	25,248,929
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	2,508,950	581,386	788,227	3,878,563	-
Deferred OPEB outflows	185,731	43,038	58,349	287,118	-
Deferred charge for refunding	167,751	-	-	167,751	-
Excess consideration provided for acquisition	-	2,784,235	-	2,784,235	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,862,432	3,408,659	846,576	7,117,667	-

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	$ 2,007,790	$ 327,108	$ 1,548,316	$ 3,883,214	$ 1,650,686
Other accrued liabilities	505,201	61,762	658,287	1,225,250	149,950
Due to other funds	477,706	-	37,037	514,743	-
Note payable- interfund	-	512,528	57,030	569,558	-
Compensated absences	116,502	25,408	42,024	183,934	-
Accrued interest payable	519,051	-	-	519,051	-
Right-to-use lease liability	-	74,761	-	74,761	-
Total current liabilities unrestricted	3,626,250	1,001,567	2,342,694	6,970,511	1,800,636
Liabilities (payable from restricted assets):					
Accounts payable	6,456,907	4,382,621	-	10,839,528	-
Revenue bonds payable	14,689,390	-	-	14,689,390	-
Unearned revenue	-	32,898,646	-	32,898,646	-
Other accrued liabilities	4,360,649	626,494	-	4,987,143	-
Deposits	5,860,038	257,514	10,000	6,127,552	-
Total current liabilities (payable from restricted assets)	31,366,984	38,165,275	10,000	69,542,259	-
Total current liabilities	34,993,234	39,166,842	2,352,694	76,512,770	1,800,636
Noncurrent liabilities:					
Compensated absences	1,177,966	256,904	424,912	1,859,782	-
Note payable- interfund	-	2,002,366	301,244	2,303,610	-
Right-to-use lease liability	-	250,235	-	250,235	-
Arbitrage liability	5,507,167	-	-	5,507,167	-
Revenue bonds, certificates of obligation payable	279,427,999	-	-	279,427,999	-
Net pension liability	5,043,792	1,168,773	1,584,586	7,797,151	-
Total OPEB liability	1,305,698	302,563	410,206	2,018,467	-
Total noncurrent liabilities	292,462,622	3,980,841	2,720,948	299,164,411	-
TOTAL LIABILITIES	327,455,856	43,147,683	5,073,642	375,677,181	1,800,636
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	24,668	5,716	7,751	38,135	-
Deferred OPEB inflows	827,212	191,686	259,882	1,278,780	-
Deferred leases inflows	-	9,044,598	-	9,044,598	-
TOTAL DEFERRED INFLOWS OF RESOURCES	851,880	9,242,000	267,633	10,361,513	-
NET POSITION					
Net investment in capital assets	496,313,383	143,012,241	11,813,962	651,139,586	-
Restricted for:					
Use of impact fees	4,014,734	-	-	4,014,734	-
Debt service	20,000,110	-	-	20,000,110	-
Unrestricted	154,463,072	34,527,244	12,390,971	201,381,287	23,448,293
TOTAL NET POSITION	$ 674,791,299	$ 177,539,485	$ 24,204,933	$ 876,535,717	$ 23,448,293

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 151,771,050	$ 13,418,411	$ 15,206,076	$ 180,395,537	$ 33,522,269
Intergovernmental	-	5,488,030	-	5,488,030	-
Miscellaneous	772,935	282,169	136,743	1,191,847	3,024,935
Total operating revenues	152,543,985	19,188,610	15,342,819	187,075,414	36,547,204
OPERATING EXPENSES					
Personnel services	15,144,694	3,123,065	4,757,649	23,025,408	-
Materials, supplies and services	1,342,943	5,727,993	247,093	7,318,029	30,127,068
Maintenance	3,866,051	489,340	325,668	4,681,059	-
Purchase of water	77,606,351	-	-	77,606,351	-
Contract payments	9,037,620	595,213	8,855,393	18,488,226	4,010,985
Utilities	963,947	352,204	797	1,316,948	-
Depreciation and amortization	15,655,414	5,189,017	661,375	21,505,806	-
Other	8,227,883	1,032,146	267,914	9,527,943	-
Total operating expenses	131,844,903	16,508,978	15,115,889	163,469,770	34,138,053
Operating income	20,699,082	2,679,632	226,930	23,605,644	2,409,151
NON-OPERATING REVENUES (EXPENSES)					
Investment income (loss)	21,482,930	2,512,390	964,186	24,959,506	1,656,177
Interest and fiscal charges	(10,912,662)	(83,003)	-	(10,995,665)	-
Gain (loss) from disposal of assets	526,874	6,424,102	21,537	6,972,513	(333,803)
Total non-operating revenues	11,097,142	8,853,489	985,723	20,936,354	1,322,374
Income before contributions and transfers	31,796,224	11,533,121	1,212,653	44,541,998	3,731,525
Contributions	58,837,140	1,725,938	1,077,866	61,640,944	-
Transfers in	-	26,864,000	156,304	27,020,304	-
Transfers out	(28,922,703)	(2,341,674)	(973,753)	(32,238,130)	(1,000,000)
Change in net position	61,710,661	37,781,385	1,473,070	100,965,116	2,731,525
Net position - beginning	613,080,638	139,758,100	22,731,863	775,570,601	20,716,768
TOTAL NET POSITION - ending	$ 674,791,299	$ 177,539,485	$ 24,204,933	$ 876,535,717	$ 23,448,293

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 149,695,740	$ 17,928,997	$ 15,505,296	$ 183,130,033	$ 34,259,108
Other operating revenues	772,935	282,169	136,743	1,191,847	3,024,935
Cash payments to employees for services	(14,756,617)	(3,056,683)	(4,619,493)	(22,432,793)	-
Cash payments to suppliers for goods and services	(87,977,674)	(8,455,879)	(8,448,393)	(104,881,946)	(33,571,386)
Net cash provided by (used in) operating activities	47,734,384	6,698,604	2,574,153	57,007,141	3,712,657
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	26,864,000	156,304	27,020,304	-
Cash received from other funds	-	-	561,053	561,053	-
Transfers to other funds	(28,922,703)	(2,341,674)	(973,753)	(32,238,130)	(1,000,000)
Net cash provided by (used in) non-capital financing activities	(28,922,703)	24,522,326	(256,396)	(4,656,773)	(1,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(10,435,000)	-	-	(10,435,000)	-
Bond proceeds	41,825,967	-	-	41,825,967	-
Principal paid on interfund loans	-	(505,004)	(56,049)	(561,053)	-
Interest and fiscal charges on debt	(13,736,228)	(83,003)	-	(13,819,231)	-
Acquisition and construction of capital assets	(20,655,349)	(10,291,644)	(7,474,128)	(38,421,121)	-
Proceeds from sale of assets	549,035	-	21,537	570,572	(215,808)
Capital grants	-	1,718,680	-	1,718,680	-
Net cash provided by (used in) capital and related financing activities	(2,451,575)	(9,160,971)	(7,508,640)	(19,121,186)	(215,808)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(48,564,942)	(32,237,280)	9,758,100	(71,044,122)	7,522,750
Proceeds from sale and maturities of securities	526,874	-	-	526,874	-
Investment earnings (loss)	21,482,930	2,512,390	964,186	24,959,506	1,656,177
Net cash provided by (used in) investing activities	(26,555,138)	(29,724,890)	10,722,286	(45,557,742)	9,178,927
Net increase (decrease) in cash	(10,195,032)	(7,664,931)	5,531,403	(12,328,560)	11,675,776
Cash and cash equivalents at beginning of year	221,758,578	41,204,927	6,108,632	269,072,137	5,447,873
Cash and cash equivalents at end of year	$ 211,563,546	$ 33,539,996	$ 11,640,035	$ 256,743,577	$ 17,123,649
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION					
Unrestricted cash and cash equivalents	$ 4,925,538	$ 7,275,348	$ 11,630,035	$ 23,830,921	$ 16,799,377
Restricted cash and cash equivalents	206,638,008	26,264,648	10,000	232,912,656	324,272
	$ 211,563,546	$ 33,539,996	$ 11,640,035	$ 256,743,577	$ 17,123,649
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	$ 20,699,082	$ 2,679,632	$ 226,930	$ 23,605,644	$ 2,409,151
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	15,655,414	5,189,017	661,375	21,505,806	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(1,217,685)	(247,708)	230,271	(1,235,122)	720,943
Accrued interest receivable	(643,618)	(653,511)	68,949	(1,228,180)	15,896
Due from other funds	(2,907)	-	-	(2,907)	-
Inventory	(211,100)	51,257	-	(159,843)	-
Prepaid items	1,103,174	(1,327,438)	563,602	339,338	-
Leases receivable and deferred inflows from leases	-	(127,482)	-	(127,482)	-
Increase (decrease) in liabilities:					
Accounts payable	5,196,422	726,006	462,638	6,385,066	557,384
Accrued liabilities	2,548,432	294,430	215,462	3,058,324	9,283
Due to other funds	46,523	-	6,770	53,293	-
Compensated absences	156,208	12,649	65,313	234,170	-
Deposits	603,860	48,019	-	651,879	-
Arbitrage liability	3,568,710	-	-	3,568,710	
Net pension liability and OPEB obligation	231,869	53,733	72,843	358,445	-
Total adjustments	27,035,302	4,018,972	2,347,223	33,401,497	1,303,506
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 47,734,384	$ 6,698,604	$ 2,574,153	$ 57,007,141	$ 3,712,657
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets	$ 58,837,140	$ 1,725,938	$ 1,077,866	$ 61,640,944	$ -
Transfer of capital assets	-	-	-	-	-

The Notes to the Financial Statements are an integral part of this statement.

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City of McKinney, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2024

	Governmental Activities				Business-Type Activities	
	McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
ASSETS						
Cash and cash equivalents	$ 20,507,964	$ 28,136,191	$ 157,999	$ 532,596	$ 2,524,353	$ 51,859,103
Investments	13,918,590	47,851,860	-	-	-	61,770,450
Receivables (net of allowance for uncollectibles)	4,265,980	4,360,175	-	265,208	255,949	9,147,312
Notes receivable	-	750,000	-	-	20,000	770,000
Leases receivable	538,422	179,474	-	-	-	717,896
Prepaid items	44,255	10,522	3,800	6,500	-	65,077
Other assets	-	-	-	-	51	51
Restricted assets:						
Cash and cash equivalents	4,152,604	-	-	-	-	4,152,604
Capital assets:						
Non depreciable	66,682,807	6,279,989	-	-	5,471,638	78,434,434
Depreciable (net)	2,081,253	19,304,141	450,087	108,220	-	21,943,701
Total assets	112,191,875	106,872,352	611,886	912,524	8,271,991	228,860,628
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	316,056	81,029	123,227	-	-	520,312
Deferred OPEB outflows	23,397	5,999	9,122	-	-	38,518
Deferred charge for refunding	63,173	-	-	-	-	63,173
Total deferred outflows of resources	402,626	87,028	132,349	-	-	622,003
LIABILITIES						
Accounts payable	229,659	24,865	36,759	280,359	5,820	577,462
Other accrued liabilities	25,739	9,188	15,003	101	-	50,031
Unearned revenue	-	-	-	12,250	5,359,464	5,371,714
Accrued interest payable	21,080	71,608	-	-	-	92,688
Deposits	7,500	2,500	-	-	-	10,000
Non-current liabilities:						
Due within one year:						
Compensated absences	8,030	5,958	4,814	-	-	18,802
Bonds payable	2,205,000	1,145,000	-	-	-	3,350,000
Right-to-use lease liability	165,629	55,210	43,152	-	-	263,991
Due in more than one year:						
Compensated absences	81,189	60,243	48,676	-	-	190,108
Bonds payable	13,895,000	13,950,000	-	-	-	27,845,000
Right-to-use lease liability	1,676,680	558,893	437,585	-	-	2,673,158
Net pension liability	635,372	162,893	247,725	-	-	1,045,990
Total OPEB liability	164,480	42,168	64,129	-	-	270,777
Total liabilities	19,115,358	16,088,526	897,843	292,710	5,365,284	41,759,721
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	3,108	796	1,212	-	-	5,116
Deferred OPEB inflows	104,205	26,715	40,628	-	-	171,548
Deferred lease inflows	514,143	171,381	-	-	-	685,524
Total deferred inflows of resources	621,456	198,892	41,840	-	-	862,188
NET POSITION						
Net investment in capital assets	50,884,924	9,875,027	(30,650)	108,220	5,471,638	66,309,159
Restricted for:						
Debt service	4,131,524	-	-	-	-	4,131,524
Unrestricted	37,841,239	80,796,935	(164,798)	511,594	(2,564,931)	116,420,039
TOTAL NET POSITION (DEFICIT)	$ 92,857,687	$ 90,671,962	$ (195,448)	$ 619,814	$ 2,906,707	$ 186,860,722

The Notes to the Financial Statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Units
For the Year Ended September 30, 2024

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
McKinney Economic Dev. Corporation	$ 11,464,994	$ -	$ 399,110	$ -
McKinney Community Dev. Corporation	15,834,277	-	95,728	3,437,531
McKinney Convention & Visitors Bureau	1,345,113	-	1,282,000	-
McKinney Main Street Corporation	1,398,264	1,275,933	209,500	-
Total governmental activities	30,042,648	1,275,933	1,986,338	3,437,531
BUSINESS-TYPE ACTIVITIES				
McKinney Housing Finance Corporation	23,313	670,654	-	-
Total business-type activities	23,313	670,654	-	-
TOTAL COMPONENT UNITS	$ 30,065,961	$ 1,946,587	$ 1,986,338	$ 3,437,531
General revenues:				
Sales taxes				
Investment income				
Gain (loss) on the sale of assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning				
NET POSITION - ENDING				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position					
Component Units					
McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
$ (11,065,884)	$ -	$ -	$ -	$ -	$ (11,065,884)
-	(12,301,018)	-	-	-	(12,301,018)
-	-	(63,113)	-	-	(63,113)
-	-	-	87,169	-	87,169
(11,065,884)	(12,301,018)	(63,113)	87,169	-	(23,342,846)
-	-	-	-	647,341	647,341
-	-	-	-	647,341	647,341
$ (11,065,884)	$ (12,301,018)	$ (63,113)	$ 87,169	$ 647,341	$ (22,695,505)
$ 23,883,071	$ 23,883,071	$ -	$ -	$ -	$ 47,766,142
1,723,931	4,305,134	4,868	524	11,817	6,046,274
679,629	-	-	-	-	679,629
-	19,982	62,563	-	-	82,545
26,286,631	28,208,187	67,431	524	11,817	54,574,590
15,220,747	15,907,169	4,318	87,693	659,158	31,879,085
77,636,940	74,764,793	(199,766)	532,121	2,247,549	154,981,637
$ 92,857,687	$ 90,671,962	$ (195,448)	$ 619,814	$ 2,906,707	$ 186,860,722

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Note 1. Summary of Significant Accounting Policies

The City of McKinney (the City) was incorporated in 1848. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and welfare, culture, recreation and waterworks.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2024.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the original adopted and final amended budgets with actual results for adopted funds.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations; therefore, data from these units are combined with data of the City. Discretely presented component units are legally separate entities that are not considered part of the City's operations; therefore, data from these component units are shown separately from the data of the City.

Blended Component Units
The McKinney Urban Transit District (MUTD) is a blended component unit presented as a nonmajor special revenue fund of the City. The governing body of the MUTD consists of the seven City of McKinney councilmembers and one representative from each of the district members including the Collin County Commissioners' Court, the City of Celina, the City of Lowry Crossing, the City of Melissa, the City of Princeton and the Town of Prosper. The MUTD budget is subject to approval of the City of McKinney Council. The MUTD budget is financed primarily by state/federal grants and member contributions and has a September 30 year-end. The purpose of the MUTD is to provide transportation to residents of McKinney, Melissa, Princeton, Lowry Crossing, Celina and Prosper who are 65 years of age or older or are disabled. MUTD services almost exclusively benefit the primary government even though it does not provide services directly to the City.

Discretely Presented Component Units
The McKinney Economic Development Corporation (MEDC) is a discretely presented component unit in the basic financial statements. The governing body of the MEDC is appointed by the City Council and the MEDC's operating budget is subject to approval of the City Council. The City does not have a voting majority of the corporation. The purpose of the MEDC is to aid, promote and further the economic development within the City. The MEDC is financed with a voter-approved half-cent city sales tax. The MEDC has a September 30 year-end. Under a contract with the MEDC, the City performs financial services for the MEDC. There are no separately issued financial statements of the MEDC, which is reported as a governmental fund.

The McKinney Community Development Corporation (MCDC) is a discretely presented component unit in the basic financial statements. The MCDC is governed by a seven-member board appointed by the City Council and at least three board members cannot be City employees or Council members. The City does not have a voting majority of the corporation. The purpose of the MCDC is to identify and fund public projects to maintain or enhance the quality of life reflecting hometown values and priorities, visionary planning, balanced needs, and fiscal responsibility for current and future residents, visitors and businesses of our community. The MCDC is financed with a voter-approved half-cent city sales tax. The MCDC has a September 30 year-end. Under a contract with the MCDC, the City performs financial services for the MCDC. There are no separately issued financial statements of the MCDC, which is reported as a governmental fund.

The McKinney Main Street (MMS) is a discretely presented component unit in the basic financial statements. The governing body of MMS is appointed by the City Council and the MMS's budget is subject to approval of the City Council. MMS budget is financed primarily by events held in the Downtown McKinney area. MMS is a separate legal entity from the City and its sole purpose is to promote McKinney's vibrant downtown area. MMS has a September 30 year-end. MMS financial services are decentralized from the City. There are no separately issued financial statements of MMS.

The McKinney Convention & Visitors Bureau (MCVB) is a discretely presented component unit in the basic financial statements. The governing body of the MCVB is appointed by the City Council and the MCVB's budget is subject to approval of the City Council. The MCVB budget is financed primarily by hotel/motel occupancy taxes. The MCVB is a separate legal entity from the City and its sole purpose is to promote McKinney as the destination of choice. The MCVB has a September 30 year-end. Under a contract with the MCVB, the City performs financial services for the MCVB. There are no separately issued financial statements of the MCVB.

The McKinney Housing Finance Corporation (MHFC) is a discretely presented component unit in the basic financial statements. The governing body of the MHFC is appointed by the City Council and the MHFC's budget is subject to approval of the City Council. The MHFC finances the cost of residential ownership and development on behalf of the City to provide decent, safe and sanitary housing for City residents at affordable prices. MHFC budget is financed primarily by developer fees and has a September 30 year-end.

All discretely presented component units were deemed to be major component units for presentation purposes.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund's financial statements. The major governmental funds are the general fund, debt service fund, and capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund, airport fund, and other proprietary funds are charges to customers for sales and services. The water and wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

Internal service funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments include providing risk financing and insurance-related activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, sales taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The following major funds are used by the City:

1. **Governmental Funds:**

   Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major Governmental Funds of the City:

   a. **The General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

   b. **The Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid from taxes levied by the City.

   c. **The Capital Projects Fund** consists of various types of financial resources and is utilized in the acquiring or constructing of capital infrastructure within the City. These include facilities, streets, stormwater drainage, libraries, public safety, parks, recreation and technology.

   Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

2. **Proprietary Funds:**

   Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

   The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

   a. **The Water and Wastewater Fund** is used to account for the operations of the water and wastewater system.

   b. **The Airport Fund** is used to account for the operations of the airport.

   Other Proprietary Funds is a summarization of all of the nonmajor proprietary funds.

The Insurance and Risk Management Fund is an internal service funds is used to account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The insurance claims self-funded program of the City is accounted for in this fund. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on City experience since the inception of the programs and data provided by actuarial consultants.

Cash, Cash Equivalents, and Investments

Cash of all funds, excluding the City's payroll clearing account, law enforcement bank account, EMS account, flexible spending account and certain escrow accounts, is pooled into a common interest earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments are recorded at amortized cost, and at fiscal year-end investments with original maturity greater than one year are reflected at fair value on the accompanying government-wide and fund financial statements.

Realized gains and losses on investments that have been held during more than one fiscal year, and sold in the current, were included as a change in the fair value of the investments reported in the prior year and the current year. Management's intent is to hold all investments to maturity.

In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and money market mutual funds at amortized costs.

Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are also classified as non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and fuel and are recorded at the lower of cost or market.

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2024, and the related non-spendable fund balance amount has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

The cost of governmental fund type prepaid balances is recorded as an expenditure when consumed rather than when purchased.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as "due to/from other funds." Long-term advances between funds are reported as "advances to/from other funds" and represent the non-current portion of interfund loans.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Utility Capital Projects Fund is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The Revenue Debt Service Fund is used to segregate resources accumulated for debt service payments over the next twelve months. The Revenue Bond Reserve Fund is used to report resources set aside to make up potential future deficiencies in the Revenue Debt Service Fund. The Revenue Bond Reserve Fund is required to reserve an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds.

Also included in the restricted assets are capital recovery fees that are, by law, restricted to the projects these funds may be used to support. The Utility Development Impact Fee Fund is used to segregate these resources and to account for the use of these funds.

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Enterprise Fund.

The Utility Capital Projects Fund, Revenue Debt Service Fund, Revenue Bond Reserve Fund, and Utility Development Impact Fee Funds are included in the Water and Wastewater column on the proprietary funds statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $10,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Right-to-use lease assets are discussed in Leases, and SBITA assets are discussed in Subscription-Based Information Technology Arrangements (SBITAs).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets (including right-to-use leased assets) of the primary government, as well as the component units, are depreciated/amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings/structures	10 to 50
Land improvements	10 to 50
Water and sewer system	50
Machinery and equipment	3 to 15
Motor vehicles	3 to 10
Traffic signals	10 to 15
Parks	20
Service animals	7 to 10
Storm sewer	50
Streets	20
SBITA software	2
Right-to-use leased buildings	3 to 6
Right-to-Use leased equipment	3 to 5

Compensated Absences

Vacation is earned in varying amounts up to a maximum of 200 hours per year for employees and 300 hours for fire shift personnel with 20 years or more of service. Unused vacation may be carried forward from one year to the next and is limited to 300 hours for employees and 450 hours for fire shift personnel. Sick leave is accrued by employees at a rate of 11.37 hours per month and by fire shift personnel at a rate of 15.4 hours per month.

Compensation for accrued sick leave is paid upon separation up to a maximum of 160 hours for employees (excluding fire and sworn police personnel) with 5 consecutive years of service. Qualifying fire personnel are eligible for varying amounts of sick leave up to a maximum of 1080 hours after 20 years of service. Qualifying sworn police personnel are eligible for varying amounts of sick leave up to a maximum of 770 hours after 20 years of service.

All vacation and sick leave pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Bonds Payable and Other Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred charges for refunding are amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is recorded as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $125,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $125,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Allocations of pension items to the City's enterprise funds and component units are determined on the basis of employee payroll funding.

Defined Benefit Other Postemployment Benefit Plans

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability of each OPEB plan, deferred outflows of resources and deferred inflows of resources related to each OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plans.

Governmental Activities, Business-type Activities and Component Units of the City reported the following total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEBs as of September 30, 2024:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:			
Retiree Health Care Plan	$ 15,089,183	$ 2,146,369	$ 9,559,599
Supplemental Death Benefits Plan	2,351,896	850,209	1,274,729
	$ 17,441,079	$ 2,996,578	$ 10,834,328
Business-Type Activities:			
Retiree Health Care Plan	$ 2,018,467	$ 287,118	$ 1,278,780
Component Units:			
Retiree Health Care Plan	$ 270,777	$ 38,518	$ 171,548

For the year ended September 30, 2024, the City recognized aggregate OPEB expense of $1,332,840.

Allocations of OPEB items to the City's enterprise funds and component units are determined on the basis of full-time employee counts by department.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges for refundings – A deferred charge for refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Excess consideration provided for acquisition – In November 2013, the City purchased the hangars, office building/terminal, miscellaneous furniture and fixture, and fixed base operations (FBO) from various related business entities at McKinney National Airport. This is the amount, net of amortization, which the City paid in excess of the fair value of the assets for the fixed base business operations. The deferred charges are being amortized over a period of 18 years.

- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.

- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.

- Difference in projected and actual experience (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Changes of Assumptions (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Difference in projected and actual earnings on pension investments – This difference is deferred and amortized to pension expense over a closed five-year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue or reduction in pension and OPEB expense) until that time. The City has four types of items that qualify for reporting in this category in the government-wide financial statements. The difference in expected and actual experience and changes of assumptions are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. In the fund financial statements, resources unavailable for revenue recognition are deferred and recognized as revenue when available. In addition, there are deferred amounts related to leases, that is initially an offset to leases receivable recorded at lease commencement and is subsequently recognized as revenue over the life of the lease term.

Fund Equity

The City establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe the constraints imposed upon the use of the resources reported in governmental funds on accordance with GASB Statement No. 54. Fund balance classifications, under GASB 54 are Non-spendable, Restricted, Committed, Assigned and Unassigned.

Non-spendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources as approved by the City Council or by their designated body or official.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined and approved by formal action of the City Council, which is the highest level of decision making authority for the City. The same level of formal action is required to remove the constraint.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council or the City Manager as defined in the Financial Policies.

Unassigned fund balance includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The City will maintain a minimum fund balance reserve equal to three months of the total operating expenses of the General Fund. All fund balances are formally approved on an annual basis by the City Council.

GASB Pronouncements Implemented by the City

GASB Statement No. 100, *Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62*, establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The requirements of this Statement had no impact on the City's financial statements.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Data

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. Each department submits to the City Manager a budget of estimated expenditures for the ensuing fiscal year no later than August 1. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.

Upon receipt of the budget estimates, the Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance (second reading) until ten days have passed after the Ordinance publication and after the first Monday in September.

Prior to October 1, the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

Budgeted amounts are as originally adopted, or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance. During fiscal year 2024, the total amendments to the original adopted budgeted amounts resulted in a $9,013,273 increase in budgeted General Fund expenditures.

Budgets for the General Fund, Debt Service Fund, Capital Projects Fund, and each nonmajor special revenue fund are legally adopted on a basis consistent with GAAP.

Departmental appropriations that have not been expended or encumbered by the departments at the end of the fiscal year will lapse. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts and other commitments for the expenditure of funds) are not treated as expenditures until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management.

Note 3. Detailed Notes on All Funds

Cash and Investments

Cash and investments as of September 30, 2024, consist of and are classified in the accompanying financial statements as follows:

PRIMARY GOVERNMENT	
Statement of net position:	
Cash and cash equivalents	$ 207,540,754
Investments	248,921,649
Restricted cash and cash equivalents	474,457,329
Restricted investments	87,268,053
Total cash and investments	$ 1,018,187,785
Cash on hand	$ 9,676
Deposits with financial institution, excluding certificates of deposit	47,686,009
Investments	970,492,100
Total cash and investments	$ 1,018,187,785
COMPONENT UNITS	
Statement of net position:	
Cash and cash equivalents	$ 51,859,103
Investments	61,770,450
Restricted cash and cash equivalents	4,152,604
Total cash and investments	$ 117,782,157
Cash on hand	$ 200
Deposits with financial institution, excluding certificates of deposit	6,816,784
Investments	110,965,173
Total cash and investments	$ 117,782,157

The table below identifies the investment types that are authorized for the City by the *Public Funds Investment Act* (Government Code Chapter 2256), the "Act". The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City investment policy is designed to manage its exposure to interest rate risk by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City policy has a weighted average maturity limit of 730 days in aggregate.

As of September 30, 2024, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
PRIMARY GOVERNMENT		
TexPool/TexPool Prime	$ 226,237,528	31 days
LOGIC	180,522,643	46 days
TexasDAILY	108,458,737	43 days
Texas CLASS	119,083,491	36 days
Federal Agency Securities	336,189,701	296 days
Total Fair Value	$ 970,492,100	
COMPONENT UNITS		
TexPool Prime	$ 10,079,891	31 days
LOGIC	36,638,225	46 days
TexasDAILY	1,937,301	43 days
Texas CLASS	539,306	36 days
Federal Agency Securities	61,770,450	
Total Fair Value	$ 110,965,173	
Total Fair Value - Reporting Entity	$ 1,081,457,273	

* The table reflects the investment pool's weighted average maturity as it relates to the City's investment policy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
PRIMARY GOVERNMENT			
TexPool/TexPool Prime	$ 226,237,528	AAA/AAA-m	AAA-m
LOGIC	180,522,643	AAA/AAA-m	AAA-m
TexasDAILY	108,458,737	AAA/AAA-m	AAA-m
Texas CLASS	119,083,491	AAA/AAA-m	AAA-m
Federal Agency Securities	336,189,701	AAA	AAA
	$ 970,492,100		

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
COMPONENT UNITS			
TexPool Prime	$ 10,079,891	AAA/AAA-m	AAA-m
LOGIC	36,638,225	AAA/AAA-m	AAA-m
TexasDAILY	1,937,301	AAA/AAA-m	AAA-m
Texas CLASS	539,306	AAA/AAA-m	AAA-m
Federal Agency Securities	61,770,450	AAA	AAA
	$ 110,965,173		

Custodial Credit Risk

The Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2024, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Hilltop Securities. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

The City is invested in Texas Daily, a portfolio of the TexasTERM Local Government Investment Pool (Pool) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an Advisory Board of experienced local government finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC, with UMB Bank as the Custodian. Texas CLASS is supervised by a Board of Trustees who are elected by the participants.

Property Taxes

Property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1st of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1st immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2024, were 99.61% of the adjusted tax levy.

Allocations of property tax levy by purpose for 2024 and the preceding year are as follows (amounts per $100 assessed value):

	2024	2023
General Fund	$ 0.286688	$ 0.311797
Debt Service	0.140825	0.145688
	$ 0.427513	$ 0.457485

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within sixty days following the close of the fiscal year have been recognized as revenue at the fund level. In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios.

The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter which also imposes a limit of $2.50 but does not prescribe a legal debt limit. The 2024 ad valorem tax rate of $0.427513 is in compliance with the rate limitation.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				
	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Interest	$ 881,643	$ 85,426	$ 1,202,760	$ -	$ 2,169,829
Taxes	12,623,900	579,549	-	337,613	13,541,062
Accounts	10,176,269	-	41,749	34,574	10,252,592
Notes	1,156,052	-	-	1,500,000	2,656,052
Leases	14,194,103	-	-	-	14,194,103
Due from other governments	35,585	-	-	761,078	796,663
Gross receivables	39,067,552	664,975	1,244,509	2,633,265	43,610,301
Less: allowance	(4,576,912)	-	-	-	(4,576,912)
Net total receivables and due from other governments	$ 34,490,640	$ 664,975	$ 1,244,509	$ 2,633,265	$ 39,033,389

	Business-type Activities			
	Water Wastewater	Airport	Nonmajor Enterprise Funds	Total
Customer accounts	$ 21,562,098	$ 375,829	$ 2,352,877	$ 24,290,804
Leases	-	9,528,692	-	9,528,692
Due from other governments	1,873,638	-	-	1,873,638
Gross receivables	23,435,736	9,904,521	2,352,877	35,693,134
Less: allowance	(286,951)	-	(41,516)	(328,467)
Net total receivables	$ 23,148,785	$ 9,904,521	$ 2,311,361	$ 35,364,667
Accrued interest receivable	$ 1,465,798	$ 653,511	$ 61,106	$ 2,180,415

The business-type activities accounts receivable includes unbilled charges for services rendered at September 30, 2024. The Water and Wastewater Fund also reported restricted interest receivables at year-end of $923,706.

At September 30, 2024, accounts and notes receivable on the Statement of Net Position represent amounts owed to the MEDC for loans made to private businesses in the community. If certain contractual obligations are met by some of these private enterprises at a future date, a portion of the amounts owed may be forgiven. Due to the likelihood that the provisions will be met by the corporations, the City has elected to expense the advance at the time of transfer. At September 30, 2024, accounts receivable includes $4,037,805 representing sales tax owed to MEDC. Receivables as of year-end for MEDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2024.

At September 30, 2024, accounts receivable include $4,037,805 representing sales tax owed to MCDC. Receivables as of year-end for MCDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2024.

At September 30, 2024, MHFC accounts receivable include $255,949 for services provided. Receivables as of year-end for MHFC were collected after year-end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2024.

Leases receivable - The City has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land, hangar or office space, sports complexes, and cell sites to other organizations over the term of the lease. The City receives annual or monthly payments at the interest rate stated or implied within the leases. The interest rates for these leases are 4.00%. The City has $23,722,795 remaining in lease receivables and $22,289,355 remaining in deferred inflows as of September 30, 2024. MEDC has $538,422 remaining in lease receivables and $514,143 remaining in deferred inflows as of September 30, 2024. MCDC has $179,474 remaining in lease receivables and $171,381 remaining in deferred inflows as of September 30, 2024.

	Interest Rate	Receivable at Commencement	Lease Term in Years	Ending Balance
General Fund				
Sports complexes	4.00%	$ 10,249,980	2-19	$ 9,216,806
Land	4.00%	411,276	50	414,285
Cell sites	4.00%	5,134,276	10-20	4,563,012
Total governmental activities				$ 14,194,103
Airport Fund				
Land	4.00%	$ 2,762,432	20-27	$ 2,560,219
Hangar or office space	4.00%	10,625,538	3-8	6,968,473
Total business-type activities				$ 9,528,692
Component Units				
MEDC - Chamber sublease	4.00%	$ 603,993	10	$ 538,422
MCDC - Chamber sublease	4.00%	201,331	10	179,474
Total Component Units				$ 717,896

Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 94,957,249	$ 627,007	$ (2,012,577)	$ 85,347	$ 93,657,026
Works of art	1,054,170	6,000	-	-	1,060,170
Construction in progress	161,249,314	120,572,254	(19,590,606)	(26,793,561)	235,437,401
Total capital assets, not being depreciated	257,260,733	121,205,261	(21,603,183)	(26,708,214)	330,154,597
Capital assets being depreciated/amortized:					
Buildings	246,458,547	99,803		457,629	247,015,979
Right-to-use lease buildings	2,652,161	5,405,795	-	-	8,057,956
SBITA assets	1,332,010	144,305	-	-	1,476,315
Infrastructure	1,071,411,621	42,514,361	(37,829)	24,170,311	1,138,058,464
Machinery & equipment	81,531,630	5,303,697	(2,259,825)	2,080,274	86,655,776
Service animals	56,500	12,000	(15,000)		53,500
Total capital assets being depreciated/amortized	1,403,442,469	53,479,961	(2,312,654)	26,708,214	1,481,317,990
Less accumulated depreciation/amortization for:					
Buildings	(65,505,077)	(6,456,422)	-	-	(71,961,499)
Right-to-use lease buildings	(1,076,896)	(2,160,250)	-	-	(3,237,146)
SBITA assets	(666,005)	(714,107)	-	-	(1,380,112)
Infrastructure	(592,903,023)	(42,124,408)	37,829	-	(634,989,602)
Machinery and equipment	(52,672,913)	(6,840,533)	2,048,155	-	(57,465,291)
Service animals	(28,461)	(6,279)	15,000	-	(19,740)
Total accumulated depreciation/amortization	(712,852,375)	(58,301,999)	2,100,984	-	(769,053,390)
Total capital assets being depreciated/amortized, net	690,590,094	(4,822,038)	(211,670)	26,708,214	712,264,600
Governmental activities, capital assets, net	$ 947,850,827	$ 116,383,223	$ (21,814,853)	$ -	$ 1,042,419,197

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 54,357,286	$ -	$ (1,526,609)	$ 1,066,865	$ 53,897,542
Construction in progress	62,892,608	49,744,074	(2,065,036)	(40,853,831)	69,717,815
Total capital assets, not being depreciated	117,249,894	49,744,074	(3,591,645)	(39,786,966)	123,615,357
Capital assets being depreciated/amortized:					
Buildings	67,720,118	-	-	5,485,713	73,205,831
Infrastructure	730,389,217	49,287,924	(6,517)	22,579,627	802,250,251
Machinery & equipment	22,128,563	10,470,229	(473,122)	11,721,626	43,847,296
Right-to-use lease machinery & equipment	250,235	281,937	-	-	532,172
Total capital assets being depreciated/amortized	820,488,133	60,040,090	(479,639)	39,786,966	919,835,550
Less accumulated depreciation/amortization for:					
Buildings	(21,426,698)	(2,183,481)	-	-	(23,610,179)
Infrastructure	(195,837,913)	(16,720,993)	6,517	-	(212,552,389)
Machinery and equipment	(12,798,088)	(2,143,989)	450,082	-	(14,491,995)
Right-to-use lease machinery & equipment	(162,314)	(63,076)	-	-	(225,390)
Total accumulated depreciation/amortization	(230,225,013)	(21,111,539)	456,599	-	(250,879,953)
Total capital assets being depreciated/amortized, net	590,263,120	38,928,551	(23,040)	39,786,966	668,955,597
Business-type activities, capital assets, net	$ 707,513,014	$ 88,672,625	$ (3,614,685)	$ -	$ 792,570,954

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
APEX	$	924,842
Development		198,948
Fire		3,524,596
Fleet maintenance		50,812
General government		5,075,922
Libraries		677,078
Parks and recreation		6,995,512
Police		2,115,211
Public works		38,739,078
Total depreciation/amortization expense - governmental activities	$	58,301,999
Business-type activities:		
Airport		4,794,750
Golf Course		53,581
Solid Waste		186,739
Surface Water Drainage		421,055
Water and Wastewater		15,655,414
Total depreciation/amortization expense - business-type activities		21,111,539
Airport		
Amortization of excess cost of consideration		393,068
Total depreciation and amortization - business-type activities	$	21,504,607

Capital asset activity for discretely presented component units for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MEDC:					
Capital assets, not being depreciated:					
Land	$ 66,893,335	$ -	$ (210,528)	$ -	$ 66,682,807
Total capital assets, not being depreciated	66,893,335	-	(210,528)	-	66,682,807
Capital assets, being depreciated/amortized:					
Buildings	190,561	-	-	-	190,561
Improvements other than buildings	255,508	-	-	-	255,508
Machinery and equipment	305,993	-	(7,050)	-	298,943
Right-to-use lease assets	2,058,211	-	-	-	2,058,211
Total capital assets being depreciated/amortized	2,810,273	-	(7,050)	-	2,803,223
Less accumulated depreciation/amortization for:					
Buildings	(20,644)	(19,056)	-	-	(39,700)
Improvements other than buildings	(255,508)	-	-	-	(255,508)
Machinery and equipment	(72,267)	(69,965)	7,050	-	(135,182)
Right-to-use lease assets	(85,759)	(205,821)	-	-	(291,580)
Total accumulated depreciation/amortization	(434,178)	(294,842)	7,050	-	(721,970)
Total capital assets being depreciated/amortized, net	2,376,095	(294,842)	-	-	2,081,253
Capital Assets, Net	$ 69,269,430	$ (294,842)	$ (210,528)	$ -	$ 68,764,060

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MCDC:					
Capital Assets, not being depreciated:					
Land	$ 6,279,989	$ -	$ -	$ -	$ 6,279,989
Construction in progress	16,534,841	-	-	(16,534,841)	-
Total capital assets, not being depreciated	22,814,830	-	-	(16,534,841)	6,279,989
Capital assets, being depreciated/amortized:					
Buildings	15,875	2,124,885	-	16,534,841	18,675,601
Infrastructure	206,765	-	-	-	206,765
Right-to-use lease assets	686,070	-	-	-	686,070
Total capital assets being depreciated/amortized	908,710	2,124,885	-	16,534,841	19,568,436
Less accumulated depreciation/amortization for:					
Buildings	(1,720)	(40,462)	-	-	(42,182)
Infrastructure	(114,582)	(10,338)	-	-	(124,920)
Right-to-use lease assets	(28,586)	(68,607)	-	-	(97,193)
Total accumulated depreciation/amortization	(144,888)	(119,407)	-	-	(264,295)
Total capital assets being depreciated/amortized, net	763,822	2,005,478	-	16,534,841	19,304,141
Capital Assets, Net	$ 23,578,652	$ 2,005,478	$ -	$ -	$ 25,584,130

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MCVB:					
Capital assets, being depreciated/amortized:					
Right-to-use lease assets	$ 559,199	$ -	$ -	$ -	$ 559,199
Total capital assets being depreciated/amortized	559,199	-	-	-	559,199
Less accumulated depreciation/amortization for:					
Right-to-use lease assets	(54,556)	(54,556)	-	-	(109,112)
Total accumulated depreciation/amortization	(54,556)	(54,556)	-	-	(109,112)
Total capital assets being depreciated/amortized, net	504,643	(54,556)	-	-	450,087
Capital Assets, Net	$ 504,643	$ (54,556)	$ -	$ -	$ 450,087

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MMS:					
Capital assets being depreciated:					
Infrastructure	$ 127,183	$ -	$ -	$ -	$ 127,183
Machinery & equipment	74,901	-	-	-	74,901
Total capital assets being depreciated	202,084	-	-	-	202,084
Less accumulated depreciation for:					
Infrastructure	(21,131)	(6,359)	-	-	(27,490)
Machinery and equipment	(59,875)	(6,499)	-	-	(66,374)
Total accumulated depreciation	(81,006)	(12,858)	-	-	(93,864)
Total capital assets being depreciated, net	121,078	(12,858)	-	-	108,220
Capital Assets, Net	$ 121,078	$ (12,858)	$ -	$ -	$ 108,220

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MHFC:					
Capital assets not being depreciated:					
Land	$ 5,471,638	$ -	$ -	$ -	$ 5,471,638
Total capital assets, not being depreciated	5,471,638	-	-	-	5,471,638
Capital Assets	$ 5,471,638	$ -	$ -	$ -	$ 5,471,638

Capital Improvement Program Commitments

The City has active construction projects as of September 30, 2024. The projects include Governmental type activities such as: streets, parks, fire, police, facilities, library, and stormwater construction. The commitment for Governmental Activities is being financed by General Obligation Bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The Water/Wastewater and Airport commitments are being financed by revenue bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The remaining commitment was for expenditures not yet incurred.

Commitments for construction in progress are composed of the following:

	Project Budget Appropriation	Spent-to-date	Remaining Commitment
Governmental	$ 725,791,635	$ 384,656,205	$ 341,135,430
Water and Wastewater	276,784,606	77,083,126	199,701,480
Airport	122,117,584	58,085,541	64,032,043
Total	$ 1,124,693,825	$ 519,824,872	$ 604,868,953

Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables balances at September 30, 2024, is as follows:

Receivable Fund	Payable Fund	Amount	Primary Purpose
General Fund	Water/Wastewater Fund	$ 477,706	Franchise Fee Accrual
Water/Wastewater Fund	Solid Waste	15,829	Sanitation Billing Accrual
General Fund	Solid Waste	21,208	License Fee Accrual
General Fund	Non-Major Governmental Funds	51,300	To Cover Cash Shortage
	Total	$ 566,043	

Transfers between funds during the year were as follows:

	Transfers In						
Transfer Out	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Airport Fund	Nonmajor Enterprise Funds	Total
Internal service	$ 1,000,000	$ -	$ -	$ -	$ -	$ -	$ 1,000,000
Nonmajor enterprise funds	973,753	-	-	-	-	-	973,753
General fund	-	-	9,160,000	270,000	-	-	9,430,000
Capital projects fund	-	-	-	-	24,000,000	-	24,000,000
Airport fund	1,411,693	929,981	-	-	-	-	2,341,674
Nonmajor governmental funds	381,354	-	11,520,000	-	2,864,000	-	14,765,354
Water and wastewater	5,766,399	-	23,000,000	-	-	156,304	28,922,703
	$ 9,533,199	$ 929,981	$ 43,680,000	$ 270,000	$ 26,864,000	$ 156,304	$ 81,433,484

Transfers are used to:

- Move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due.
- Move restricted amounts from borrowing to the debt service fund to establish mandatory reserve accounts.
- Move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs.
- Support monthly general and administrative fees which are expected to be paid from governmental activities.

The City's more significant transfers are listed below:

- Transfers of $5,766,399 were made from the water and wastewater fund, $1,000,000 from the internal service fund, and $1,411,693 from the airport fund to the general fund in order to supplement the general fund for monthly general and administrative fees as well as fund the capital equipment replacement fund, held within the general fund.
- Transfers of $9,160,000 were made from the general fund, $11,520,000 from the nonmajor governmental funds, and $23,000,000 from the water and wastewater fund to the capital projects fund for CIP projects.
- Transfers of $24,000,000 were made from the capital projects fund and $2,864,000 from nonmajor governmental funds to the airport fund for airport projects.

Note Receivable
In January 2010, City Council approved a loan from the solid waste fund to the golf course fund. The loan was issued in the amount of $800,000. In March 2011, City Council approved an increase to the existing loan of $261,000. The balance of the note as of September 30, 2024, is $358,274. Under the loan agreement, the golf course fund will make interest payments annually at a rate of 1.75% through 2030.

In March 2017, City Council approved a loan from the solid waste fund to the airport fund. The loan was issued in the amount of $5,000,000. Under the loan agreement, the airport will make interest payments annually at a rate of 1.49% through 2028. As of September 30, 2024, the outstanding balance was $2,514,894.

Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. Tax, court, EMS and franchise fees which are reported as unavailable revenue in the governmental funds are recorded as revenue in the government-wide financial statements. Grant and miscellaneous revenues are reported as unearned in both the governmental fund and government-wide financial statements.

At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Unavailable Revenue	Total Unearned Revenue
Tax revenue	$ 1,325,574	$ 621,777	$ -	$ -	$ 1,947,351	$ -
Court revenue	300,240	-	-	-	300,240	-
EMS revenue	1,836,614	-	-	-	1,836,614	-
Franchise fees	1,244,609	-	-	-	1,244,609	-
Miscellaneous	1,422,391	-	1,393,641	289,864	-	3,105,896
	$ 6,129,428	$ 621,777	$ 1,393,641	$ 289,864	$ 5,328,814	$ 3,105,896

Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 351,115,000	$ 121,540,000	$ (37,190,000)	$ 435,465,000	$ 36,385,000
Certificates of obligation	13,265,000	27,985,000	(1,405,000)	39,845,000	1,430,000
	364,380,000	149,525,000	(38,595,000)	475,310,000	37,815,000
Issuance premium	31,028,154	8,196,639	(4,326,097)	34,898,696	4,240,747
Total bonds payable	395,408,154	157,721,639	(42,921,097)	510,208,696	42,055,747
Arbitrage liability	1,142,661	2,293,218	-	3,435,879	-
Right-to-use lease liability	1,673,535	5,405,795	(2,036,149)	5,043,181	1,841,225
Subscription liability	679,064	144,305	(725,292)	98,077	48,077
Net pension liability	68,899,646	-	(10,611,516)	58,288,130	-
Total OPEB liability	16,222,756	1,218,323	-	17,441,079	-
Compensated absences	17,650,399	3,042,366	(1,258,459)	19,434,306	1,749,088
Governmental activities - long-term debt	$ 501,676,215	$ 169,825,646	$ (57,552,513)	$ 613,949,348	$ 45,694,137
Business-type activities:					
Bonds payable:					
Water and Wastewater revenue bonds	$ 238,345,000	$ 38,170,000	$ (10,435,000)	$ 266,080,000	$ 11,645,000
Issuance premium	27,355,939	3,655,967	(2,974,517)	28,037,389	3,044,390
Total bonds payable	265,700,939	41,825,967	(13,409,517)	294,117,389	14,689,390
Arbitrage liability	1,938,457	3,568,710	-	5,507,167	-
Right-to-use lease liability	91,452	281,937	(48,393)	324,996	74,761
Net pension liability	9,216,645	-	(1,419,494)	7,797,151	-
Total OPEB liability	1,888,467	130,000	-	2,018,467	-
Compensated absences	1,809,546	369,356	(135,186)	2,043,716	183,934
Business-type activities - long-term debt	$ 280,645,506	$ 46,175,970	$ (15,012,590)	$ 311,808,886	$ 14,948,085

A summary for long-term debt transactions, including current portion, for the discretely presented component units for the year ended September 30, 2024 is as follows:

MEDC:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Sales tax revenue bonds	$ 18,290,000	$ -	$ (2,190,000)	$ 16,100,000	$ 2,205,000
Right-to-use lease liability	1,996,576	-	(154,267)	1,842,309	165,629
Net pension liability	751,043	-	(115,671)	635,372	-
Total OPEB liability	153,887	10,593	-	164,480	-
Compensated absences	51,946	38,702	(1,429)	89,219	8,030
Component unit activities					
Long-term debt	$ 21,243,452	$ 49,295	$ (2,461,367)	$ 18,831,380	$ 2,378,659
MCDC:					
Bonds payable					
Sales tax revenue bonds	$ 16,210,000	$ -	$ (1,115,000)	$ 15,095,000	$ 1,145,000
Right-to-use lease liability	665,525	-	(51,422)	614,103	55,210
Net pension liability	192,548	-	(29,655)	162,893	-
Total OPEB liability	39,453	2,715	-	42,168	-
Compensated absences	58,463	7,738	-	66,201	5,958
Component unit activities					
Long-term debt	$ 17,165,989	$ 10,453	$ (1,196,077)	$ 15,980,365	$ 1,206,168
MCVB:					
Right-to-use lease liability	$ 522,199	$ -	$ (41,462)	$ 480,737	$ 43,152
Net pension liability	292,824	-	(45,099)	247,725	-
Total OPEB liability	59,999	4,130	-	64,129	-
Compensated absences	41,177	19,564	(7,251)	53,490	4,814
Component unit activities					
Long-term debt	$ 916,199	$ 23,694	$ (93,812)	$ 846,081	$ 47,966

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued holiday, portion of sick leave, compensatory time and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

General Obligation Bonds and Certificates of Obligation

The General Obligation Bonds include $475,310,000 of Bonds and Certificates of Obligation with interest rates ranging from 1.00% to 7.00% maturing annually in varying amounts through 2053. Interest for these obligations is payable semi-annually. They are backed by the full faith and credit of the City and are payable from property taxes. The Certificates are additionally secured, by a limited pledge of certain net revenues of the City as specified in their official statements.

In November 2023, the City issued $24,260,000 Certificates of Obligation, Taxable Series 2023. The debt was issued for various public improvements. The bonds have interest rates ranging from 4.869% to 5.868% and mature through 2044.

In November 2023, the City issued $14,035,000 General Obligation Bonds, Series 2023A. The bonds were issued with a premium of $41,140,163 with interest rates at 5.00% and mature through 2044.

In November 2023, the City issued $29,910,000 General Obligation Bonds, Taxable Series 2023B. The bonds have interest rates ranging from 4.869% to 5.838% and mature through 2044.

In July 2024, the City issued $77,595,000 General Obligation Refunding and Improvement Bonds, Series 2024. The debt was issued for in order to refund the City's General Obligation and Refunding Bonds, Series 2014, and a portion for various streets, parks and public safety projects. The bonds were issued at a premium of $6,672,664 with interest rates ranging from 4.00% to 5.00% and mature through 2044. The refunding bond proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow account until the refunded bonds are redeemed. The City, in effect, decreased its aggregate debt service payments by $2,442,463 and resulted in an economic gain (difference between present values of the old and new debt service payment) of $180,259.

In July 2024, the City issued $3,725,000 Tax and Limited Pledge Waterworks and Sewer System Revenue Certificates of Obligation, Series 2024. The debt was issued for various drainage system improvements. The bonds were issued at a premium of $383,812 with interest rates ranging from 4.00% to 5.00% and mature through 2044.

Debt service requirements of the general obligation bonds and certificates of obligation bonds for the years subsequent to September 30, 2024, are as follows:

	General Obligation Bonds			Certificates of Obligation			
Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements	Principal Requirements	Interest Requirements	Total Requirements	Total GO and CO Requirements
2025	$ 36,385,000	$ 18,748,241	$ 55,133,241	$ 1,430,000	$ 1,844,018	$ 3,274,018	$ 58,407,259
2026	21,770,000	16,927,398	38,697,398	1,830,000	1,794,107	3,624,107	42,321,505
2027	22,860,000	15,935,644	38,795,644	2,355,000	1,729,586	4,084,586	42,880,230
2028	23,355,000	14,872,123	38,227,123	2,445,000	1,638,791	4,083,791	42,310,914
2029	25,250,000	13,781,441	39,031,441	1,590,000	1,544,156	3,134,156	42,165,597
2030-2034	118,150,000	53,237,912	171,387,912	8,975,000	6,685,988	15,660,988	187,048,900
2035-2039	108,950,000	29,183,972	138,133,972	10,335,000	4,546,819	14,881,819	153,015,791
2040-2044	72,195,000	9,742,912	81,937,912	10,885,000	1,851,029	12,736,029	94,673,941
2045-2049	3,845,000	1,040,494	4,885,494	-	-	-	4,885,494
2050-2052	2,705,000	226,256	2,931,256	-	-	-	2,931,256
	$ 435,465,000	$ 173,696,393	$ 609,161,393	$ 39,845,000	$ 21,634,494	$ 61,479,494	$ 670,640,887

Proceeds of General Obligation Bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond elections. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures. The City Charter does not prescribe a debt limit.

Revenue Bonds

The revenue bonds are serial obligations with interest rates ranging from 2.00% to 5.00%, maturing annually in varying amounts through years 2043 and interest is payable semi-annually. Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the Water and Wastewater Fund and the Debt Service Reserve Fund established by the bond ordinances. The ordinances provide that the gross revenues are to be used first to pay operating and maintenance expenses of the system, and second to maintain revenue bond funds in accordance with bond covenants. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Annual principal and interest requirements on revenue bonds was less than 40 percent of net revenues. The City is in compliance with the revenue bond debt covenants as of September 30, 2024. In July 2024, the City issued $38,170,000 Waterworks and Sewer System Revenue Bonds, Series 2024. The debt was issued for various water and sewer system improvements. The bonds were issued with a premium of $3,655,967 with interest rates ranging from 4.00% to 5.00% and mature through 2044.

Debt service requirements of the water and wastewater revenue bonds for the years subsequent to September 30, 2024, are as follows:

	Revenue Bonds		
Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 11,645,000	$ 11,973,393	$ 23,618,393
2026	12,420,000	11,198,894	23,618,894
2027	13,030,000	10,589,119	23,619,119
2028	13,675,000	9,944,244	23,619,244
2029	13,735,000	9,287,844	23,022,844
2030-2034	74,950,000	36,072,125	111,022,125
2035-2039	81,750,000	17,744,866	99,494,866
2040-2043	44,875,000	3,658,900	48,533,900
	$ 266,080,000	$ 110,469,385	$ 376,549,385

Sales Tax Revenue Bonds

The sales tax revenue bonds are serial obligations with interest rates ranging from 0.34% to 4.12%, maturing annually in varying amounts through 2035 and interest is payable semi-annually. These bonds are special obligations of the corporations payable from and secured by a lien on and pledge of the proceeds of the ¼ of the ½ cent sales and use tax levied within the City for the benefit of the respective component unit corporation.

The sales tax revenue bonds are used to defray the cost of any "project" defined as such by the Development Corporation Act of 1979, as amended. MEDC bonds were issued for approved projects of runway improvements at the City's airport and land acquisition. MCDC bonds were issued to construct and equip a community aquatics and fitness center to be donated to the City. These bonds are collateralized by the gross sales tax revenues of the corporations and the various special funds established by the bond ordinances. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met.

Annual principal and interest requirements on sales tax revenue bonds for the Corporations were less than 15% of gross sales tax revenues. The Corporations are in compliance with the bond covenants as of September 30, 2024.

Debt service requirements for the discretely presented component units of the sales tax revenue bonds for the years subsequent to September 30, 2024, are as follows:

	Sales Tax Revenue Bonds		
MEDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2025	$ 2,205,000	$ 261,680	$ 2,466,680
2026	2,230,000	238,527	2,468,527
2027	2,255,000	211,767	2,466,767
2028	2,290,000	178,393	2,468,393
2029	2,330,000	141,066	2,471,066
2030-2031	4,790,000	147,598	4,937,598
	$ 16,100,000	$ 1,179,031	$ 17,279,031

MCDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2025	$ 1,145,000	$ 572,867	$ 1,717,867
2026	1,180,000	537,589	1,717,589
2027	1,220,000	498,873	1,718,873
2028	1,260,000	457,015	1,717,015
2029	1,305,000	412,525	1,717,525
2030-2034	7,335,000	1,266,015	8,601,015
2035	1,650,000	68,030	1,718,030
	$ 15,095,000	$ 3,812,914	$ 18,907,914

Conduit Debt

The McKinney Housing Finance Corporation (MHFC) issued conduit debt for purposes of low income housing development in the City of McKinney. Neither the City nor the MHFC has any obligation for such debt beyond the resources provided by a lease or loan with the third party. As of September 30, 2024, the aggregate outstanding conduit debt is $126,020,633.

Right-to-Use Lease Liability

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use property and vehicles over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term and ending lease liability are as follows:

	Interest Rate	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental activities				
Leased office space	4.00%	$ 2,818,766	3.0-10.0	$ 1,326,417
Equipment	4.00%	5,239,190	3.0-5.0	3,716,764
Total governmental activities				$ 5,043,181
Business-type activities				
Vehicles	4.00%	$ 532,172	3.0	$ 324,996
Total business-type activities				$ 324,996
Component units				
Leased office space	4.00%	$ 3,303,480	10.0	$ 2,937,149
Total component units				$ 2,937,149

The future principal and interest lease payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	$ 1,841,225	$ 218,781	$ 2,060,006
2026	1,330,069	150,029	1,480,098
2027	1,108,877	99,604	1,208,481
2028	763,010	63,602	826,612
Total governmental activities	$ 5,043,181	$ 532,016	$ 5,575,197

Fiscal Year Ending	Principal	Interest	Total
2025	$ 74,761	$ 11,639	$ 86,400
2026	77,807	8,593	86,400
2027	80,977	5,423	86,400
2028	84,275	2,124	86,399
2029	7,176	24	7,200
Total business-type activities	$ 324,996	$ 27,803	$ 352,799

Fiscal Year Ending	Principal	Interest	Total
2025	$ 263,991	$ 239,282	$ 503,273
2026	286,074	101,774	387,848
2027	306,050	89,945	395,995
2028	325,287	77,353	402,640
2029	348,656	63,933	412,589
Thereafter	1,407,091	105,059	1,512,150
Total component units	$ 2,937,149	$ 677,346	$ 3,614,495

The value of the right-to-use assets for governmental activities as of the end of the current fiscal year was $8,057,956 and had accumulated amortization of $3,237,146. For business-type activities, the value of the right-to-use assets as of the end of the current fiscal year was $532,172 and had accumulated amortization of $225,390. For component units, the value of the right-to-use assets as of the end of the current fiscal year was $3,303,480 and had accumulated amortization of $497,885.

Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	SBITA Term in Years	Ending Balance
Governmental activities				
Software	4.00%	$ 144,305	3	$ 98,077
Total governmental activities				$ 98,077

The future principal and interest SBITA payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	$ 48,077	$ 3,923	$ 52,000
2026	50,000	2,000	52,000
Total governmental activities	$ 98,077	$ 5,923	$ 104,000

The value of the subscription assets as of the end of the current fiscal year was $1,476,315 and had accumulated amortization of $1,380,112.

Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Purpose	Cash and Investments	Accrued Interest Receivable	Total
Water and Wastewater Funds:			
Utility Capital Projects Fund	$ 225,734,862	$ 678,482	$ 226,413,344
Utility Development Impact Fee	4,014,734	-	4,014,734
Revenue Debt Service Fund	12,912,348	22,204	12,934,552
Revenue Bond Reserve Fund	19,006,838	223,021	19,229,859
Airport Funds:			
Airport Construction Fund	58,501,928	653,511	59,155,439
Golf Course Fund	10,000	-	10,000
	$ 320,180,710	$ 1,577,218	$ 321,757,928

The ordinance authorizing the water and wastewater system revenue bonds requires that the City establish a fund, Revenue Bond Reserve Fund, to reserve an amount not less than the average annual requirement for the payment principal and interest on all the revenue bonds. At September 30, 2024, net position is sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the water and wastewater system. The proceeds are maintained as Restricted Assets – Utility Capital Projects Fund until such time as needed to fund the water and wastewater system construction program.

Note 4. Deferred Compensation Plan

Revenue Code Section 457. One plan is administered by Mission Square Retirement and the other is administered by Nationwide. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore it is not reported in the financial statements of the City. Assets and liabilities are not included in the City's basic financial statements.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 5. Pension Plan

Plan Description

The City and three of its component units participate as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	7.0%
Matching Ratio (City to employee)	2 to 1
Years required for vesting	5 years
Service retirement eligibility at age 60 and above	20 years at any age, 5 years
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating

Employees Covered by Benefit Terms:

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	462
Inactive employees entitled to but not yet receiving benefits	742
Active employees	1,310
	2,514

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 15.48% and 15.09% in calendar years 2024 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $18,344,762, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35%	6.70%
Core fixed income	6%	4.70%
Non-core fixed income	20%	8.00%
Other public and private markets	12%	8.00%
Real estate	12%	7.60%
Hedge funds	5%	6.40%
Private equity	10%	11.60%
	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2022	$ 441,074,411	$ 361,721,705	$ 79,352,706
Changes for the year:			
Service cost	20,981,998	-	20,981,998
Interest on total pension liability	30,060,630	-	30,060,630
Effect of difference in expected and actual experience	3,906,542	-	3,906,542
Change in assumptions	(332,199)	-	(332,199)
Benefit payments	(12,445,501)	(12,445,501)	-
Administrative expenses	-	(266,337)	266,337
Member contributions	-	7,952,030	(7,952,030)
Net investment income	-	41,997,798	(41,997,798)
Employer contributions	-	17,156,776	(17,156,776)
Other	-	(1,861)	1,861
Balances as of December 31, 2023	$ 483,245,881	$ 416,114,610	$ 67,131,271
City	$ 475,716,301	$ 409,631,020	$ 66,085,281
Component Units	$ 7,529,580	$ 6,483,590	$ 1,045,990

*For TMRS, the "changes in current period benefits" includes substantively automatic benefit status changes, if applicable.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 140,296,804	$ 66,085,281	$ 5,594,730
Component unit's net pension liability:			
MEDC	1,348,873	635,372	53,790
MCDC	345,816	162,893	13,790
MCVB	525,911	247,725	20,972

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City and its component units recognized pension expense of $19,937,216 and $315,564, respectively.

At September 30, 2024, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,667,354	$ (54,079)	$ 92,946	$ (520)
Changes in assumptions	250,560	(269,142)	2,409	(2,588)
Differences between projected and actual investment earnings	9,008,201	-	86,609	-
Contributions subsequent to the measurement date	13,946,908	-	134,092	-
Total	$ 32,873,023	$ (323,221)	$ 316,056	$ (3,108)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,829	$ (133)	$ 36,239	$ (203)
Changes in assumptions	618	(663)	939	(1,009)
Differences between projected and actual investment earnings	22,204	-	33,768	-
Contributions subsequent to the measurement date	34,378	-	52,281	-
Total	$ 81,029	$ (796)	$ 123,227	$ (1,212)

$13,946,908 and $220,751 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date for the City and its component units, respectively, will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2025	$ 5,382,714	$ 51,752	$ 13,268	$ 20,177
2026	5,705,196	54,852	14,063	21,386
2027	9,204,186	88,493	22,687	34,502
2028	(2,094,004)	(20,133)	(5,161)	(7,849)
2029	404,802	3,892	998	1,518
Thereafter	-	-	-	-
Total	$ 18,602,894	$ 178,856	$ 45,855	$ 69,734

Note 6. Postemployment Benefits Other Than Pensions

Retiree Health Care Plan

Plan Description
The City provides postemployment medical and dental benefits (OPEB) for eligible retirees, their spouses and dependents through a single-employer defined benefit plan, which covers both active and retired members.

All medical care benefits are provided through the City's self-insured health plan. The two optional benefit levels, CityCare PPO and CityCare Plus PPO, are the same for retirees as those afforded to active employees.

Benefits Provided
To be eligible for coverage a retiree must qualify under all three of the following:

1. Has been covered as an employee for medical benefits under the City of McKinney Employee Healthcare Plan immediately prior to retirement; and
2. Applies for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than the effective date of retirement; and
3. Enrolls for Retiree health coverage no later than the effective date of retirement.

Retirees who elect COBRA cannot later elect retiree coverage. Retirees are not allowed to add additional dependents upon retirement. Retirees or dependents who are Medicare eligible may not remain on the Plan; however, retirees may elect to purchase a Medicare supplement offered by the City.

As of December 31, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	18
Terminated employees eligible for benefits, but not yet enrolled	-
Active employees	1,278
Total	1,296

Accounting Policy
An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Funding Policies
The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees. OPEB expense as actuarially determined for the City and its component units was $1,170,347 and $18,524 respectively.

The monthly Retiree health coverage contribution rates for offered benefit levels are as follows:

CITYCARE PPO		CITYCARE PLUS PPO	
Single Coverage	$ 809	Single Coverage	$ 893
Single + Spouse	1,680	Single + Spouse	1,976
Single + Children	1,485	Single + Children	1,733
Single + Family	2,211	Single + Family	2,582

Actuarial Methods and Assumptions
Significant methods and assumptions used in the December 31, 2023, actuarial valuation are as follows:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.77% as of December 31, 2023
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Demographic Assumption	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participation Rates	0% for employees retiring before the age of 50; 15% for employees retiring between the ages of 50 and 55; 50% for employees retiring at the age of 55 or older, or through disability retirement at any age
Other Information	The discount rate changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with the City of McKinney.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Total OPEB Liability

The total OPEB liability of $17,107,650 (City) and $270,777 (Component Units) was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2023.

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2024:

Balance as of December 31, 2022	$ 16,259,176
Changes for the year:	
Service cost	1,468,587
Interest on total OPEB liability	687,386
Difference between expected and actual experience of the total OPEB liability	(235,787)
Change of assumptions	(758,971)
Benefit payments	(41,964)
Balance as of December 31, 2023	$ 17,378,427
City	$ 17,107,650
Component Units	$ 270,777

Although not considered contributions under GASB 75, the City has assigned $14,918,758 of fund balance in the General Fund for funding of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2024, the City and its component units recognized OPEB expense of $1,188,871. At September 30, 2024, the City and its component units reported deferred outflows of resources related to OPEBs from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 127,856	$ (6,098,833)	$ 1,229	$ (58,637)
Changes in assumptions	2,268,937	(4,739,546)	21,815	(45,568)
Contributions subsequent to the measurement date	36,694	-	353	-
Total	$ 2,433,487	$ (10,838,379)	$ 23,397	$ (104,205)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 316	$ (15,033)	$ 479	$ (22,862)
Changes in assumptions	5,593	(11,682)	8,505	(17,766)
Contributions subsequent to the measurement date	90	-	138	-
Total	$ 5,999	$ (26,715)	$ 9,122	$ (40,628)

Deferred outflows of resources related to OPEBs resulting from benefit payments subsequent to the measurement date of $36,694 and $581 will be recognized as a reduction of the total OPEB liability of the City and its component units, respectively, for the year ending September 30, 2025.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2025	$ (952,024)	$ (9,153)	$ (2,347)	$ (3,569)
2026	(952,024)	(9,153)	(2,347)	(3,569)
2027	(952,024)	(9,153)	(2,347)	(3,569)
2028	(971,156)	(9,337)	(2,394)	(3,640)
2029	(1,046,407)	(10,061)	(2,579)	(3,923)
Thereafter	(3,567,951)	(34,304)	(8,792)	(13,374)
Total	$ (8,441,586)	$ (81,161)	$ (20,806)	$ (31,644)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the City and its component units, calculated using the discount rate of 3.77%, as well as what the City and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	1% Decrease in Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's total OPEB liability	$ 18,790,666	$ 17,107,650	$ 15,587,823
Component unit's total OPEB liability:			
MEDC	180,661	164,480	149,868
MCDC	46,317	42,168	38,422
MCVB	70,438	64,129	58,432

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the City and its component units, as well as what the City and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
City's total OPEB liability	$ 14,969,621	$ 17,107,650	$ 19,653,485
Component unit's total OPEB liability:			
MEDC	143,924	164,480	188,957
MCDC	36,898	42,168	48,444
MCVB	56,115	64,129	73,672

Supplemental Death Benefit Plan

Plan Description
The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits Provided
The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

As of December 31, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	318
Terminated employees eligible for benefits, but not yet enrolled	163
Active employees	1,310
Total	1,791

Accounting Policy
An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Actuarial Methods and Assumptions
Significant methods and assumptions used in the December 31, 2023, actuarial valuation are as follows:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	3.77% as of December 31, 2023 Source: Fidelity Index's "20-Year Municipal GO AA Index"
Retirees' share of benefit related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2018 to December 31, 2022.

Total OPEB Liability
The City's total OPEB liability of $2,351,896 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows for the City at September 30, 2024:

Balance as of December 31, 2022	$ 2,105,386
Changes for the year:	
Service cost	124,960
Interest on total OPEB liability	86,879
Difference between expected and actual experience of the total OPEB liability	(35,618)
Change of assumptions	115,729
Benefit payments	(45,440)
Balance as of December 31, 2023	$ 2,351,896

OPEB Expense and Deferred and Outflows and Inflows of Resources Related to OPEB
For the year ended September 30, 2024, the City recognized OPEB expense of $143,969.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 84,344	$ (305,512)
Changes in assumptions	573,472	(969,217)
Contributions subsequent to the measurement date	192,393	-
Total	$ 850,209	$ (1,274,729)

Benefit payments subsequent to the measurement date and before fiscal year-end of $192,393 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2025.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30	
2025	$ (67,869)
2026	(81,234)
2027	(100,171)
2028	(105,225)
2029	(140,222)
Thereafter	(122,192)
Total	$ (616,913)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	1% Decrease in Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	$ 2,870,774	$ 2,351,896	$ 1,950,276

Note 7. Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexPool, LOGIC, TexasDAILY and Texas CLASS. Investments in the pools are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pools. The fair value of the position of the pools for LOGIC, TexasDAILY and Texas CLASS are measured at net asset value and is designed to approximate the share value. The fair value of the position of in TexPool is measured at amortized cost as the pool meets requirements of GASB No. 79. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds and does not have any limitations or restrictions on withdrawals.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PRIMARY GOVERNMENT				
Investments by Fair Value Level				
Federal agency securities	$ 336,189,701	$ -	$ 336,189,701	$ -
Total Investments by Fair Value Level	$ 336,189,701	$ -	$ 336,189,701	$ -
Investments Measured at Net Asset Value				
LOGIC	$ 180,522,643			
TexasDAILY	108,458,737			
TexasCLASS	119,083,491			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	226,237,528			
Total Investments	$ 970,492,100			
MEDC				
Investments by Fair Value Level				
Federal agency securities	$ 13,918,590	$ -	$ 13,918,590	$ -
Total Investments by Fair Value Level	$ 13,918,590	$ -	$ 13,918,590	$ -
Investments Measured at Net Asset Value				
LOGIC	$ 12,422,324			
TexasDAILY	1,740,517			
TexasCLASS	539,306			
Investments Measured at Amortized Cost				
TexPool Prime	8,007,303			
Total Investments	$ 36,628,040			
MCDC				
Investments by Fair Value Level				
Federal agency securities	$ 47,851,860	$ -	$ 47,851,860	$ -
Total Investments by Fair Value Level	$ 47,851,860	$ -	$ 47,851,860	$ -
Investments Measured at Net Asset Value				
LOGIC	$ 24,215,901			
TexasDAILY	196,784			
Investments Measured at Amortized Cost				
TexPool Prime	2,072,588			
Total Investments	$ 74,337,133			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included in the fair value measurement table approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2024, no investments held by the City met the Level 3 hierarchy classification.

Note 8. Water Purchase, Wastewater and Solid Waste Disposal Contracts

The City has a contract with the North Texas Municipal Water District (NTMWD) to purchase substantially all of its water. Under the contract, the City pays NTMWD a rate based on water usage. The rates charged are subject to minimum annual contract payments. Contract payments for water for the year ended September 30, 2024, were $45,363,949.

The City has a contract with NTMWD whereby NTMWD agreed to provide a wastewater treatment and disposal system for the benefit of the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2024, was $32,242,401.

The City has a contract with NTMWD whereby NTMWD agreed to dispose of solid waste for the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2024, was $6,042,952.

Note 9. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 10. Contingent Liabilities

The City participates in a number of Federal and State funded grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

NTMWD has issued revenue bonds for systems that service participating cities. Member cities including McKinney have guaranteed to pay their share of debt service, and certain related administrative costs. NTMWD allocates these costs annually based on each city's pro-rata usage of the respective systems.

Outstanding principal balances as of September 30, 2024, are as follows:

	NTMWD Debt Service*	McKinney's Allocated Share
Water System	$ 2,859,180,000	$ 347,994,655
Wastewater System	1,296,700,000	270,026,952
Solid Waste System	70,675,000	16,252,358
Total	$ 4,226,555,000	$ 634,273,965

*Only represents NTMWD debt service related to systems servicing McKinney. It may not reflect NTMWD's total debt service.

Note 11. Insurance and Risk Management

The City's Insurance and Risk Management Internal Service Fund accounts for health care claims, workers' compensation claims, property, and general liability claims.

The City provides health care benefits to City employees under a partially self-insured plan (Plan). Under the Plan, the city and the employees pay a predetermined monthly premium, which is based on the projected claims cost for the Plan, and the extent of medical coverage selected by the employee. The monthly premiums are deposited into the Insurance and Risk Fund and are used to pay claims as they are submitted. The City's liability is limited by an excess (stop loss) insurance policy covering individual claims in excess of $200,000. The City utilizes Cigna as a third party administrator to adjudicate and pay medical claims on behalf the City. Throughout the policy year, the "stop loss" insurance carrier reimburses the City of claims paid during the policy year which exceeded the "stop loss" deductible amount.

For the year ended September 30, 2024, the City and the City's employees' contributions paid under the Plan were $20,958,584 and $3,323,639 respectively.

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement and errors/omissions), and property insurance. The Insurance and Risk Management internal service fund allocates costs to each department in order to pay deductibles and workers' compensation premium costs (TMLIRP contributions). This cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience.

The City has a workers' compensation deductible of $25,000 per accident, with an annual aggregate retention of $757,620 During 2024, the City Contributed $1,806,210 for workers' compensation coverage.

The City maintains deductibles of $100,000 per occurrence for Error and Omissions, $50,000 per occurrence for Auto Liability, $50,000 per occurrence for Law Enforcement Liability and up to $25,000 per occurrence for all other liability coverages. All insured claims are paid by TMLIRP, with the City reimbursing TMLIRP for the deductible. All insured claims are paid by TMLIRP, with the City reimbursing TMLIRP for the deductible. The City also carries a liability policy for the Airport through Chubb Limited with a $10,000 deductible. During 2024, the City contributed $3,064,489 for property, general liability and all other coverage premiums.

The liabilities for insurance claims reported are based on GASB No. 10, Accounting and Financial Reporting for Risk financing and Related Insurance Issues, amended by GASB No. 66, Technical Corrections, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims and are included in accounts payable.

The changes in the Insurance and Risk Management liability amount in fiscal 2024 and 2023 were:

	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments and Changes in Estimates	Liability End of Year
2024:				
Health Claims	$ 768,780	$ 21,860,834	$ (21,873,906)	$ 755,708
Workers' Comp	108,527	1,193,173	(818,377)	483,323
Totals	$ 877,307	$ 23,054,007	$ (22,692,283)	$ 1,239,031
2023:				
Health Claims	$ 780,437	$ 19,774,468	$ (19,786,125)	$ 768,780
Workers' Comp	47,155	1,413,011	(1,351,639)	108,527
Totals	$ 827,592	$ 21,187,479	$ (21,137,764)	$ 877,307

There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Note 12. Tax Abatements and Grants

The City offers property and sales tax abatement/grant agreements with local businesses under Chapter 312 and Chapter 380 of the Texas Local Government Code. Under these Codes, the City may award tax abatements/grants of up to 100 percent of a business's property and sales taxes for the purpose of attracting or retaining businesses within their jurisdiction. The abatements/grants may be awarded to any business located within or promising to relocate to the City of McKinney.

For the fiscal year ended September 30, 2024, the City paid $4,241,625 in economic development grants under Chapter 380. This amount is reported in aggregate due to sales tax confidentiality requirements under Texas Tax Code. No tax abatements were made under Chapter 312.

Note 13. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2024, and through February 26, 2025, the date the financial statements were issued. In October 2024, the MEDC sold land and entered into a forgivable loan with the developer.

Required Supplementary Information

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total Pension Liability				
Service cost	$ 9,534,719	$ 11,440,134	$ 11,777,430	$ 13,043,869
Interest	13,426,027	14,599,379	15,547,224	17,075,327
Difference between expected and actual experience	(1,820,025)	1,730,171	1,237,911	1,529,198
Change in assumptions	-	(4,050)	-	-
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Net Change in Total Pension Liability	16,527,934	21,715,972	22,277,033	24,819,488
Total Pension Liability - Beginning	189,339,391	205,867,325	227,583,297	249,860,330
Total Pension Liability - Ending (a)	205,867,325	227,583,297	249,860,330	274,679,818
Plan Fiduciary Net Position				
Contributions - employer	8,510,170	9,752,849	9,615,410	10,718,106
Contributions - employee	3,855,271	4,348,528	4,433,984	4,903,710
Net investment income (loss)	9,074,467	258,721	12,404,196	28,219,049
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Administrative expense	(94,724)	(157,574)	(140,032)	(146,159)
Other	(7,788)	(7,782)	(7,545)	(7,407)
Net Change in Plan Fiduciary Net Position	16,724,609	8,145,080	20,020,481	36,858,393
Plan Fiduciary Net Position - Beginning	158,597,927	175,322,536	183,467,616	203,488,097
Plan Fiduciary Net Position - Ending (b)	175,322,536	183,467,616	203,488,097	240,346,490
City's Net Pension Liability - Ending (a) - (b)	$ 30,544,789	$ 44,115,681	$ 46,372,233	$ 34,333,328
Plan fiduciary net position as a percentage of total pension liability	85.16%	80.62%	81.44%	87.50%
Covered payroll	$ 54,810,138	$ 61,939,002	$ 63,285,492	$ 70,053,001
City's net pension liability as a percentage of covered payroll	55.73%	71.22%	73.27%	49.01%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability.

Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
$ 14,350,469	$ 15,704,599	$ 16,656,052	$ 17,714,277	$ 19,102,909	$ 20,981,998
18,774,911	20,486,802	22,594,939	24,867,759	27,329,045	30,060,630
(714,145)	1,546,692	2,843,789	3,790,250	5,059,425	3,906,542
-	1,126,181	-	-	-	(332,199)
(7,416,454)	(8,037,441)	(8,179,253)	(9,725,714)	(11,480,499)	(12,445,501)
24,994,781	30,826,833	33,915,527	36,646,572	40,010,880	42,171,470
274,679,818	299,674,599	330,501,432	364,416,959	401,063,531	441,074,411
299,674,599	330,501,432	364,416,959	401,063,531	441,074,411	483,245,881
11,908,337	12,785,966	13,429,396	14,320,460	15,543,097	17,156,776
5,426,974	5,939,071	6,309,111	6,714,214	7,250,488	7,952,030
(7,206,568)	37,605,557	22,121,978	42,386,014	(27,657,786)	41,997,798
(7,416,454)	(8,037,441)	(8,179,253)	(9,725,714)	(11,480,499)	(12,445,501)
(139,143)	(212,196)	(142,924)	(195,747)	(238,783)	(266,337)
(7,270)	(6,374)	(5,577)	1,343	284,938	(1,861)
2,565,876	48,074,583	33,532,731	53,500,570	(16,298,545)	54,392,905
240,346,490	242,912,366	290,986,949	324,519,680	378,020,250	361,721,705
242,912,366	290,986,949	324,519,680	378,020,250	361,721,705	416,114,610
$ 56,762,233	$ 39,514,483	$ 39,897,279	$ 23,043,281	$ 79,352,706	$ 67,131,271
81.06%	88.04%	89.05%	94.25%	82.01%	86.11%
$ 77,528,194	$ 84,843,863	$ 90,130,150	$ 95,856,479	$ 103,482,712	$ 113,600,423
73.21%	46.57%	44.27%	24.04%	76.68%	59.09%

City of McKinney, Texas
Required Supplementary Information
Texas Municipal Retirement System
Schedule of Contributions
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	$ 9,195,319	$ 9,521,438	$ 10,387,413	$ 11,618,161
Contribution in relation of the actuarially determined contribution	9,195,319	9,521,438	10,387,413	11,618,161
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,299,396	$ 62,005,210	$ 68,046,988	$ 75,718,876
Contributions as a percentage of covered payroll	15.77%	15.36%	15.27%	15.34%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end.

Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
$ 12,527,597	$ 13,332,675	$ 14,075,241	$ 15,799,958	$ 16,779,578	$ 18,344,762
12,527,597	13,332,675	14,075,241	15,799,958	16,779,578	18,344,762
$ -	$ -	$ -	$ -	$ -	$ -
$ 82,701,398	$ 89,202,852	$ 94,326,249	$ 105,355,485	$ 111,867,406	$ 119,107,665
15.15%	14.95%	14.92%	15.00%	15.00%	15.40%

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retiree Health Care Plan
Last Seven Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 918,051	$ 1,249,905	$ 1,207,676	$ 1,578,300
Interest	564,874	561,769	704,301	621,546
Difference between expected and actual experience	3,299	300,000	(162,427)	(3,473,801)
Change in assumptions	797,890	156,041	1,823,548	1,627,140
Benefit payments, including refunds of employee contributions	(294,321)	(314,218)	(155,032)	(126,165)
Net Change in Total OPEB Liability	1,989,793	1,953,497	3,418,066	227,020
Total OPEB Liability - Beginning	14,514,234	16,504,027	18,457,524	21,875,590
Total OPEB Liability - Ending (a)	$ 16,504,027	$ 18,457,524	$ 21,875,590	$ 22,102,610
Covered-employee payroll	$ 70,052,975	$ 77,528,194	$ 84,843,863	$ 90,130,150
Total OPEB liability as a percentage of covered-employee payroll	23.56%	23.81%	25.78%	24.52%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
$ 1,580,655	$ 2,208,833	$ 1,468,587
456,490	405,843	687,386
(160,003)	(4,506,657)	(235,787)
(2,763,042)	(2,673,563)	(758,971)
(136,919)	(255,071)	(41,964)
(1,022,819)	(4,820,615)	1,119,251
22,102,610	21,079,791	16,259,176
$ 21,079,791	$ 16,259,176	$ 17,378,427
$ 95,856,479	$ 103,482,712	$ 113,600,423
21.99%	15.71%	15.30%

City of McKinney, Texas
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Supplemental Death Benefit Fund
Last Seven Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 112,085	$ 139,551	$ 127,264	$ 171,248
Interest	54,057	58,290	77,959	63,577
Difference between expected and actual experience	-	304,379	(414,160)	(64,601)
Change in assumptions	158,454	(147,679)	406,260	421,861
Benefit payments, including refunds of employee contributions	(7,005)	(7,751)	(8,484)	(9,014)
Net Change in Total OPEB Liability	317,591	346,790	188,839	583,071
Total OPEB Liability - Beginning	1,377,543	1,695,134	2,041,924	2,230,763
Total OPEB Liability - Ending (a)	$ 1,695,134	$ 2,041,924	$ 2,230,763	$ 2,813,834
Covered-employee payroll	$ 70,053,001	$ 77,528,194	$ 84,843,863	$ 90,130,150
Total OPEB liability as a percentage of covered-employee payroll	2.42%	2.63%	2.63%	3.12%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
$ 230,056	$ 248,359	$ 124,960
58,290	59,620	86,879
(51,571)	(57,515)	(35,618)
109,775	(1,245,660)	115,729
(28,757)	(31,045)	(45,440)
317,793	(1,026,241)	246,510
2,813,834	3,131,627	2,105,386
$ 3,131,627	$ 2,105,386	$ 2,351,896
$ 95,856,479	$ 103,482,712	$ 113,600,423
3.27%	2.03%	2.07%

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Combining and Individual Fund Financial Statements and Schedules

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 50,864,961	$ 50,864,961	$ 51,918,649	$ 1,053,688
Investment income	1,422,000	2,255,642	2,332,265	(76,623)
Total revenues	52,286,961	53,120,603	54,250,914	977,065
EXPENDITURES				
Principal retirement	36,605,000	36,605,000	36,605,000	-
Interest and fiscal charges	14,426,122	16,974,283	17,722,556	(748,273)
Total expenditures	51,031,122	53,579,283	54,327,556	(748,273)
Excess (deficiency) of revenues over (under) expenditures	1,255,839	(458,680)	(76,642)	228,792
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	-	1,764,004	1,764,004
Deposit to bond refunding escrow account	-	-	(1,750,625)	(1,750,625)
Transfers in	-	929,981	929,981	-
Total other financing sources (uses)	-	929,981	943,360	13,379
Net changes in fund balances	1,255,839	471,301	866,718	395,417
Fund balances, beginning of year	8,687,520	8,687,520	8,687,520	-
FUND BALANCES, END OF YEAR	$ 9,943,359	$ 9,158,821	$ 9,554,238	$ 395,417

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Capital Projects Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 17,219,230	$ 27,163,913	$ 10,892,808	$ (16,271,105)
Investment income	9,149,000	19,499,002	18,968,282	(530,720)
Contributions	25,560,000	38,213,787	15,930,742	(22,283,045)
Total revenues	51,928,230	84,876,702	45,791,832	(39,084,870)
EXPENDITURES				
General government	26,578,800	101,216,424	61,917,418	39,299,006
Fire	746,147	59,163,089	16,786,690	42,376,399
Libraries	-	1,202,940	155,039	1,047,901
Parks and recreation	50,167,756	119,320,213	18,754,794	100,565,419
Public works	52,430,492	189,703,011	24,655,145	165,047,866
Interest and fiscal charges	916,884	368,197	1,411,455	(1,043,258)
Total expenditures	130,840,079	470,973,874	123,680,541	347,293,333
Excess/(deficiency) of revenues over (under) expenditures	(78,911,849)	(386,097,172)	(77,888,709)	308,208,463
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	92,165,000	131,000,163	147,773,326	16,773,163
Premium on issuance of debt	-	-	8,196,640	8,196,640
Transfers in	9,410,000	47,680,000	43,680,000	(4,000,000)
Transfers out	-	-	(24,000,000)	(24,000,000)
Total other financing sources (uses)	101,575,000	178,680,163	175,649,966	(3,030,197)
Net changes in fund balances	22,663,151	(207,417,009)	97,761,257	305,178,266
Fund balances, beginning of year	255,906,706	255,906,706	255,906,706	-
FUND BALANCES, END OF YEAR	$ 278,569,857	$ 48,489,697	$ 353,667,963	$ 305,178,266

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Nonmajor Governmental Funds

Special Revenue Funds

Hotel/Motel Fund - to account for a 7% hotel/motel tax imposed on lodging fees for the purpose of funding activities and programs that are allowed by the hotel/motel tax to promote tourism.

Law Enforcement Fund - to account for donations and funds derived from police investigation of criminal activities.

Donations Fund - to account for funds provided by private donors and other governmental agencies for the specific purpose(s) designated by the donor.

Community Housing Fund - to account for grants and funding received for affordable housing programs.

Urban Transit District Fund - to account for joint use transit operations of four member cities including joint cost arrangement and administration and use of grant funding.

Grants Fund - to account for local, state, federal, and private grants received for governmental operations and projects.

Tax Increment Reinvestment Zone 1 (TIRZ 1) - to account for property and sales taxes collected in the TIRZ 1 zone for the purpose of funding infrastructure and projects in the Historic Town Center.

Tax Increment Reinvestment Zone 2 (TIRZ 2) - to account for property and sales taxes collected in the TIRZ 2 zone for the purpose of funding infrastructure in and around the Airport.

PEG Cable Channel Fund - to account for fees received from cable operators within the City for the purpose of funding expenditures relating to the PEG (Public, Educational, and Governmental) Cable Channel.

City of McKinney, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Special Revenue Funds			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
ASSETS				
Cash and cash equivalents	$ 8,106,734	$ 1,127,305	$ 45,208	$ 61,094
Receivables:				
Accounts	-	-	-	23,688
Other taxes	291,927	-	-	-
Notes	-	-	-	1,500,000
Due from other governments	-	-	-	210,993
TOTAL ASSETS	$ 8,398,661	$ 1,127,305	$ 45,208	$ 1,795,775
LIABILITIES				
Accounts payable	$ -	$ 922	$ -	$ 22,164
Other accrued liabilities	-	53,066	-	4,523
Due to other funds	-	-	-	51,300
Unearned revenue	9,020	-	-	134,118
Total liabilities	9,020	53,988	-	212,105
FUND BALANCES				
Restricted				
Capital projects	-	-	-	-
Law enforcement	-	1,073,317	-	-
Fire	-	-	45,208	-
PEG	-	-	-	-
Community housing	-	-	-	1,583,670
Hotel/Motel	8,389,641	-	-	-
Transit	-	-	-	-
Grants	-	-	-	-
Total fund balances	8,389,641	1,073,317	45,208	1,583,670
TOTAL LIABILITIES AND FUND BALANCES	$ 8,398,661	$ 1,127,305	$ 45,208	$ 1,795,775

Special Revenue Funds						
Urban Transit District	Grants	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
$ 122,492	$ 15,839	$ 26,702,814	$ 8,222,067	$ 2,247,107	$ 46,650,660
-	-	9,063	1,823	-	34,574
-	-	-	-	45,686	337,613
-	-	-	-	-	1,500,000
500,114	49,971	-	-	-	761,078
$ 622,606	$ 65,810	$ 26,711,877	$ 8,223,890	$ 2,292,793	$ 49,283,925
$ 319,530	$ 41,381	$ 500	$ -	$ -	$ 384,497
3,920	-	-	-	-	61,509
-	-	-	-	-	51,300
146,726	-	-	-	-	289,864
470,176	41,381	500	-	-	787,170
-	-	26,711,377	8,223,890	-	34,935,267
-	-	-	-	-	1,073,317
-	-	-	-	-	45,208
-	-	-	-	2,292,793	2,292,793
-	-	-	-	-	1,583,670
-	-	-	-	-	8,389,641
152,430	-	-	-	-	152,430
-	24,429	-	-	-	24,429
152,430	24,429	26,711,377	8,223,890	2,292,793	48,496,755
$ 622,606	$ 65,810	$ 26,711,877	$ 8,223,890	$ 2,292,793	$ 49,283,925

City of McKinney, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Special Revenue			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales and use taxes	3,105,407	-	-	-
Other taxes and fees	-	-	-	-
Intergovernmental	-	-	-	736,928
Fines and forfeitures	-	233,432	-	-
Investment income (loss)	355,993	4,251	1,364	12,204
Contributions	-	29,750	365	-
Miscellaneous	6,804	-	-	12,373
Total revenues	3,468,204	267,433	1,729	761,505
EXPENDITURES				
Current:				
General government	1,853,445	-	-	278,275
Police	-	31,147	-	-
Fire	-	-	4,630	-
Development	-	-	-	594,460
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital Expenditures:				
Police	-	12,000	-	-
Fire	-	-	-	-
Total expenditures	1,853,445	43,147	4,630	872,735
Excess (deficiency) of revenues over (under) expenditures	1,614,759	224,286	(2,901)	(111,230)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	150,000
Transfers out	(307,806)	-	-	-
Total other financing sources (uses)	(307,806)	-	-	150,000
Net change in fund balances	1,306,953	224,286	(2,901)	38,770
Fund balances, beginning of year	7,082,688	849,031	48,109	1,544,900
FUND BALANCES, END OF YEAR	$ 8,389,641	$ 1,073,317	$ 45,208	$ 1,583,670

Special Revenue					Total Nonmajor Governmental Funds
Urban Transit District	Grants	TIRZ 1	TIRZ 2	PEG Cable Channel	
$ -	$ -	$ 2,911,165	$ 1,457,160	$ -	$ 4,368,325
-	-	2,795,194	1,642,255	-	7,542,856
-	-	-	-	202,580	202,580
1,931,001	400,270	-	-	-	3,068,199
-	-	-	-	-	233,432
1,547	-	1,774,395	271,412	105,377	2,526,543
-	-	-	-	-	30,115
-	-	-	-	-	19,177
1,932,548	400,270	7,480,754	3,370,827	307,957	17,991,227
2,208,757	2,250	629,932	-	8,625	4,981,284
-	133,750	-	-	-	164,897
-	43,583	-	-	-	48,213
-	13,867	-	-	-	608,327
-	-	275,000	-	-	275,000
-	-	706,634	-	-	706,634
-	113,800	-	-	-	125,800
-	93,021	-	-	-	93,021
2,208,757	400,271	1,611,566	-	8,625	7,003,176
(276,209)	(1)	5,869,188	3,370,827	299,332	10,988,051
120,000	-	-	-	-	270,000
-	-	(11,558,329)	(2,899,219)	-	(14,765,354)
120,000	-	(11,558,329)	(2,899,219)	-	(14,495,354)
(156,209)	(1)	(5,689,141)	471,608	299,332	(3,507,303)
308,639	24,430	32,400,518	7,752,282	1,993,461	52,004,058
$ 152,430	$ 24,429	$ 26,711,377	$ 8,223,890	$ 2,292,793	$ 48,496,755

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Hotel/Motel Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales and use taxes	$ 2,675,000	$ 2,975,000	$ 3,105,407	$ 130,407
Investment income (loss)	266,000	359,597	355,993	(3,604)
Miscellaneous	2,000	2,000	6,804	4,804
Total revenues	2,943,000	3,336,597	3,468,204	131,607
EXPENDITURES				
Current Expenditures:				
General government	1,938,000	1,938,000	1,853,445	84,555
Total expenditures	1,938,000	1,938,000	1,853,445	84,555
Excess (deficiency) of revenues over (under) expenditures	1,005,000	1,398,597	1,614,759	216,162
OTHER FINANCING SOURCES (USES)				
Transfers out	(307,806)	(307,806)	(307,806)	-
Total other financing sources (uses)	(307,806)	(307,806)	(307,806)	-
Net change in fund balance	697,194	1,090,791	1,306,953	216,162
Fund balance, beginning of year	7,082,688	7,082,688	7,082,688	-
FUND BALANCE, END OF YEAR	$ 7,779,882	$ 8,173,479	$ 8,389,641	$ 216,162

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Law Enforcement Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Fines and forfeitures	$ 115,000	$ 565,000	$ 233,432	$ (331,568)
Investment income (loss)	2,000	3,998	4,251	253
Contributions	34,450	34,450	29,750	(4,700)
Total revenues	151,450	603,448	267,433	(336,015)
EXPENDITURES				
Current Expenditures:				
Police	137,000	137,000	31,147	105,853
Capital Expenditures:				
Police	15,000	465,000	12,000	453,000
Total expenditures	152,000	602,000	43,147	558,853
Excess (deficiency) of revenues over (under) expenditures	(550)	1,448	224,286	222,838
Net change in fund balance	(550)	1,448	224,286	222,838
Fund balance, beginning of year	849,031	849,031	849,031	-
FUND BALANCE, END OF YEAR	$ 848,481	$ 850,479	$ 1,073,317	$ 222,838

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Donations Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income (loss)	$ 1,000	$ 1,305	$ 1,364	$ 59
Contributions	7,500	7,500	365	(7,135)
Total revenues	8,500	8,805	1,729	(7,076)
EXPENDITURES				
Current Expenditures:				
Fire	7,650	7,650	4,630	3,020
Total expenditures	7,650	7,650	4,630	3,020
Excess (deficiency) of revenues over (under) expenditures	850	1,155	(2,901)	(4,056)
Net change in fund balance	850	1,155	(2,901)	(4,056)
Fund balance, beginning of year	48,109	48,109	48,109	-
FUND BALANCE, END OF YEAR	$ 48,959	$ 49,264	$ 45,208	$ (4,056)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Community Housing Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 1,464,710	$ 2,526,381	$ 736,928	$ (1,789,453)
Investment income (loss)	-	-	12,204	12,204
Miscellaneous	15,000	15,000	12,373	(2,627)
Total revenues	1,479,710	2,541,381	761,505	(1,779,876)
EXPENDITURES				
Current Expenditures:				
General government	312,000	462,000	278,275	183,725
Development	1,157,710	2,219,381	594,460	1,624,921
Total expenditures	1,469,710	2,681,381	872,735	1,808,646
Excess (deficiency) of revenues over (under) expenditures	10,000	(140,000)	(111,230)	28,770
OTHER FINANCING SOURCES (USES)				
Transfers in	-	150,000	150,000	-
Total other financing sources (uses)	-	150,000	150,000	-
Net change in fund balance	10,000	10,000	38,770	28,770
Fund balance, beginning of year	1,544,900	1,544,900	1,544,900	-
FUND BALANCE, END OF YEAR	$ 1,554,900	$ 1,554,900	$ 1,583,670	$ 28,770

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Urban Transit District Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 2,402,550	$ 2,402,550	$ 1,931,001	$ (471,549)
Investment income (loss)	2,000	2,000	1,547	(453)
Total revenues	2,404,550	2,404,550	1,932,548	(472,002)
EXPENDITURES				
Current Expenditures:				
General government	2,524,550	2,525,974	2,208,757	317,217
Total expenditures	2,524,550	2,525,974	2,208,757	317,217
Excess (deficiency) of revenues over (under) expenditures	(120,000)	(121,424)	(276,209)	(154,785)
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
Total other financing sources (uses)	120,000	120,000	120,000	-
Net change in fund balance	-	(1,424)	(156,209)	(154,785)
Fund balance, beginning of year	308,639	308,639	308,639	-
FUND BALANCE, END OF YEAR	$ 308,639	$ 307,215	$ 152,430	$ (154,785)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Grants Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amount	
REVENUES				
Intergovernmental	$ 192,890	$ 818,792	$ 400,270	$ (418,522)
Contributions	500	500	-	(500)
Total revenues	193,390	819,292	400,270	(419,022)
EXPENDITURES				
Current Expenditures:				
General government	193,390	819,292	2,250	817,042
Police	-	-	133,750	(133,750)
Fire	-	-	43,583	(43,583)
Development	-	-	13,867	(13,867)
Capital Expenditures:				
Police	-	-	113,800	(113,800)
Fire	-	-	93,021	(93,021)
Total expenditures	193,390	819,292	400,271	419,021
Excess (deficiency) of revenues over (under) expenditures	-	-	(1)	(1)
Net change in fund balance	-	-	(1)	(1)
Fund balance, beginning of year	24,430	24,430	24,430	-
FUND BALANCE, END OF YEAR	$ 24,430	$ 24,430	$ 24,429	$ (1)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 1 Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 2,868,345	$ 2,868,345	$ 2,911,165	$ 42,820
Sales and use taxes	2,766,600	2,858,486	2,795,194	(63,292)
Investment income (loss)	1,277,000	1,666,685	1,774,395	107,710
Total revenues	6,911,945	7,393,516	7,480,754	87,238
EXPENDITURES				
Current Expenditures:				
General government	400,000	981,442	629,932	351,510
Debt Service:				
Principal retirement	275,000	275,000	275,000	-
Interest and fiscal charges	704,619	704,619	706,634	(2,015)
Total expenditures	1,379,619	1,961,061	1,611,566	349,495
Excess (deficiency) of revenues over (under) expenditures	5,532,326	5,432,455	5,869,188	436,733
OTHER FINANCING SOURCES (USES)				
Transfers out	(38,329)	(15,558,329)	(11,558,329)	4,000,000
Total other financing sources (uses)	(38,329)	(15,558,329)	(11,558,329)	4,000,000
Net change in fund balance	5,493,997	(10,125,874)	(5,689,141)	4,436,733
Fund balance, beginning of year	32,400,518	32,400,518	32,400,518	-
FUND BALANCE, END OF YEAR	$ 37,894,515	$ 22,274,644	$ 26,711,377	$ 4,436,733

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 2 Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 1,460,893	$ 1,460,893	$ 1,457,160	$ (3,733)
Sales and use taxes	1,260,500	1,517,742	1,642,255	124,513
Investment income (loss)	150,000	249,705	271,412	21,707
Total revenues	2,871,393	3,228,340	3,370,827	142,487
Excess (deficiency) of revenues over (under) expenditures	2,871,393	3,228,340	3,370,827	142,487
OTHER FINANCING SOURCES (USES)				
Transfers out	(35,219)	(2,899,219)	(2,899,219)	-
Total other financing sources (uses)	(35,219)	(2,899,219)	(2,899,219)	-
Net change in fund balance	2,836,174	329,121	471,608	142,487
Fund balance, beginning of year	7,752,282	7,752,282	7,752,282	-
FUND BALANCE, END OF YEAR	$ 10,588,456	$ 8,081,403	$ 8,223,890	$ 142,487

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
PEG Cable Channel Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Other taxes and fees	$ 250,355	$ 231,055	$ 202,580	$ (28,475)
Investment income (loss)	84,000	99,360	105,377	6,017
Total revenues	334,355	330,415	307,957	(22,458)
EXPENDITURES				
Current expenditures:				
General government	337,500	337,500	8,625	328,875
Total expenditures	337,500	337,500	8,625	328,875
Excess (deficiency) of revenues over (under) expenditures	(3,145)	(7,085)	299,332	306,417
Net change in fund balance	(3,145)	(7,085)	299,332	306,417
Fund balance, beginning of year	1,993,461	1,993,461	1,993,461	-
FUND BALANCE, END OF YEAR	$ 1,990,316	$ 1,986,376	$ 2,292,793	$ 306,417

Nonmajor Enterprise Funds

Golf Course Fund - to account for revenue received and operating expenses incurred in the operation of Oak Hollow Municipal Golf Course.

Surface Water Drainage Utility Fund - to account for revenue paid by utility customers and allowable expenses under the Surface Drainage Utility System Ordinance.

Solid Waste Fund - to account for revenues and operating costs of providing solid waste and recycling services.

City of McKinney, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2024

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 327,226	$ 5,364,566	$ 5,938,243	$ 11,630,035
Restricted assets:				
Cash and cash equivalents	10,000	-	-	10,000
Accounts receivable (net of allowance for uncollectibles)	21,583	520,847	1,768,931	2,311,361
Accrued interest	-	-	61,106	61,106
Notes receivable- interfund	-	-	2,873,168	2,873,168
Total current assets	358,809	5,885,413	10,641,448	16,885,670
Non-current assets:				
Capital assets:				
Land	402,213	-	164,296	566,509
Buildings	1,650,652	-	164,402	1,815,054
Improvements other than buildings	3,399,370	-	364,127	3,763,497
Machinery and equipment	213,461	3,410,451	8,080,293	11,704,205
Construction in progress	-	-	152,015	152,015
Less accumulated depreciation/amortization	(3,341,343)	(1,644,495)	(1,201,480)	(6,187,318)
Total capital assets (net of accumulated depreciation/amortization)	2,324,353	1,765,956	7,723,653	11,813,962
TOTAL ASSETS	2,683,162	7,651,369	18,365,101	28,699,632
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	-	464,725	323,502	788,227
Deferred OPEB outflows	-	34,402	23,947	58,349
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	499,127	347,449	846,576
LIABILITIES				
Current liabilities:				
Accounts payable	-	107,974	1,440,342	1,548,316
Other accrued liabilities	-	85,010	573,277	658,287
Due to other funds	-	-	37,037	37,037
Notes payable	57,030	-	-	57,030
Compensated absences	-	25,762	16,262	42,024
Total current liabilities	57,030	218,746	2,066,918	2,342,694
Payable from restricted assets:				
Deposits	10,000	-	-	10,000
Total current liabilities payable from restricted assets	10,000	-	-	10,000
Non-current liabilities:				
Compensated absences	-	260,483	164,429	424,912
Notes payable	301,244	-	-	301,244
Net pension liability	-	934,244	650,342	1,584,586
Total OPEB liability	-	241,850	168,356	410,206
Total non-current liabilities	301,244	1,436,577	983,127	2,720,948
TOTAL LIABILITIES	368,274	1,655,323	3,050,045	5,073,642
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	-	4,570	3,181	7,751
Deferred OPEB inflows	-	153,222	106,660	259,882
TOTAL DEFERRED INFLOWS OF RESOURCES	-	157,792	109,841	267,633
NET POSITION				
Net investment in capital assets	2,324,353	1,765,956	7,723,653	11,813,962
Unrestricted	(9,465)	4,571,425	7,829,011	12,390,971
TOTAL NET POSITION	$ 2,314,888	$ 6,337,381	$ 15,552,664	$ 24,204,933

City of McKinney, Texas

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 114,364	$ 4,779,930	$ 10,311,782	$ 15,206,076
Miscellaneous	132,640	-	4,103	136,743
Total operating revenues	247,004	4,779,930	10,315,885	15,342,819
OPERATING EXPENSES				
Personnel services	-	2,729,698	2,027,951	4,757,649
Materials and supplies	-	158,420	88,673	247,093
Maintenance	-	251,704	73,964	325,668
Contract payments	-	1,149,263	7,706,130	8,855,393
Utilities	-	797	-	797
Depreciation/amortization	53,581	421,055	186,739	661,375
Other	10,058	75,810	182,046	267,914
Total operating expenses	63,639	4,786,747	10,265,503	15,115,889
Operating income (loss)	183,365	(6,817)	50,382	226,930
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	6,216	281,780	676,190	964,186
Gain from disposal of assets	-	7,061	14,476	21,537
Total non-operating revenues	6,216	288,841	690,666	985,723
Income before contributions and transfers	189,581	282,024	741,048	1,212,653
Contributions	1,048,072	-	29,794	1,077,866
Transfers in	-	-	156,304	156,304
Transfers out	(10,000)	(375,650)	(588,103)	(973,753)
Change in net position	1,227,653	(93,626)	339,043	1,473,070
Total net position - beginning	1,087,235	6,431,007	15,213,621	22,731,863
TOTAL NET POSITION - ENDING	$ 2,314,888	$ 6,337,381	$ 15,552,664	$ 24,204,933

City of McKinney, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 104,104	$ 4,769,425	$ 10,631,767	$ 15,505,296
Other operating revenues	132,640	-	4,103	136,743
Cash payments for employee services	-	(2,644,553)	(1,974,940)	(4,619,493)
Cash payments to suppliers for goods and services	(10,058)	(1,617,574)	(6,820,761)	(8,448,393)
Net cash provided by operating activities	226,686	507,298	1,840,169	2,574,153
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	-	561,053	561,053
Transfers in	-	-	156,304	156,304
Transfers out	(10,000)	(375,650)	(588,103)	(973,753)
Net cash used in non-capital financing activities	(10,000)	(375,650)	129,254	(256,396)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(66,856)	(7,407,272)	(7,474,128)
Proceeds from sale of assets	-	7,061	14,476	21,537
Principal payments on interfund loans	(56,049)	-	-	(56,049)
Net cash used in capital and related financing activities	(56,049)	(59,795)	(7,392,796)	(7,508,640)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	-	-	9,758,100	9,758,100
Investment earnings (loss)	6,216	281,780	676,190	964,186
Net cash provided by investing activities	6,216	281,780	10,434,290	10,722,286
Net increase in cash	166,853	353,633	5,010,917	5,531,403
Cash and cash equivalents at beginning of year	170,373	5,010,933	927,326	6,108,632
Cash and cash equivalents at end of year	$ 337,226	$ 5,364,566	$ 5,938,243	$ 11,640,035
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION				
Unrestricted cash and cash equivalents	$ 327,226	$ 5,364,566	$ 5,938,243	$ 11,630,035
Restricted cash and cash equivalents	10,000	-	-	10,000
	$ 337,226	$ 5,364,566	$ 5,938,243	$ 11,640,035
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ 183,365	$ (6,817)	$ 50,382	$ 226,930
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	53,581	421,055	186,739	661,375
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(10,260)	(10,505)	251,036	230,271
Accrued interest receivable	-	-	68,949	68,949
Prepaid expenses	-	-	563,602	563,602
Increase (decrease) in liabilities:				
Accounts payable	-	(27,761)	490,399	462,638
Accrued liabilities	-	46,181	169,281	215,462
Due to other funds	-	-	6,770	6,770
Liability for compensated absences	-	42,199	23,114	65,313
Net pension liability and OPEB obligation	-	42,946	29,897	72,843
Total adjustments	43,321	514,115	1,789,787	2,347,223
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 226,686	$ 507,298	$ 1,840,169	$ 2,574,153
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Non cash contributions	$1,048,072	$ -	$29,794	$1,077,866

Discretely Presented Component Units

McKinney Economic Development Corporation – purpose is to aid, promote and further the economic development within the City.

McKinney Community Development Corporation – purpose is to identify and fund public projects to maintain or enhance the quality of life in the city.

McKinney Convention & Visitors Bureau – to account for funds received from the City's local hotel/motel tax fund for the purpose of promoting tourism and making the City of McKinney a destination of choice.

McKinney Main Street – purpose is to maintain and enhance a vibrant downtown area through economic redevelopment, design, organization and promotion.

City of McKinney, Texas
Combining Balance Sheet
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2024

	McKinney Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 20,507,964
Restricted cash and cash equivalents	4,152,604
Investments	13,918,590
Accounts receivable	4,265,980
Leases receivable	538,422
Prepaid items	44,255
Total assets	$ 43,427,815
LIABILITIES	
Accounts payable	$ 229,659
Other accrued liabilities	33,239
Total liabilities	262,898
DEFERRED INFLOWS OF RESOURCES	
Leases	514,143
Total deferred inflows of resources	514,143
FUND BALANCES	
Nonspendable	
Prepaid items	44,255
Unassigned	42,606,519
Total fund balance	42,650,774
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 43,427,815

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2024

Total fund balance - MEDC balance sheet	$	42,650,774
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation and amortization.		68,764,060
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(89,219)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and inflows of resources consist of:		
Deferred pension outflows (GASB 68)		316,056
Deferred OPEB outflows (GASB 75)		23,397
Deferred charge on refunding		63,173
Deferred pension inflows (GASB 68)		(3,108)
Deferred OPEB inflows (GASB 75)		(104,205)
Net pension and total OPEB liabilities are not reported in the funds.		(799,852)
Bonds payable and notes payable are not reported in the funds.		(16,100,000)
Lease liabilities are not reported in the funds.		(1,842,309)
Accrued interest is not reported in the funds.		(21,080)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	92,857,687

City of McKinney, Texas

Combining Statements of Revenues, Expenditures and Changes in Fund Balance
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2024

	McKinney Economic Development Corporation
REVENUES	
Sales and use taxes	$ 23,883,071
Investment income	1,723,931
Miscellaneous revenue	399,110
Total revenues	26,006,112
EXPENDITURES	
Economic development	10,714,551
Interest and fiscal charges	353,932
Principal payments	2,344,267
Total expenditures	13,412,750
Excess (deficiency) of revenues over (under) expenditures	12,593,362
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of property	890,156
Total other financing sources (uses):	890,156
Net change in fund balance	13,483,518
Fund balance, beginning of year	29,167,256
FUND BALANCE, END OF YEAR	$ 42,650,774

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2024

Net change in fund balance - MEDC governmental funds	$ 13,483,518
Amounts reported for governmental activities in the statement of activities are different because:	
Disposals of capital assets are not reported the fund financial statements.	(210,528)
Governmental funds do not report depreciation and amortization since it does not require the use of current financial resources.	(294,842)
Bond principal, lease and note payable payments are not reported in the Statement of Activities.	2,344,267
The amortization of losses on refunding of debt are not recorded in the governmental funds, but are amortized on the statement of activities as interest expense. This resulted in the following difference:	
Amortization of refunding loss	(36,368)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.	1,182
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.	(29,209)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental fund.	(37,273)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 15,220,747

City of McKinney, Texas
Balance Sheet
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2024

	McKinney Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 28,136,191
Investments	47,851,860
Accounts receivable	4,360,175
Notes receivable	750,000
Leases receivable	179,474
Prepaid items	10,522
Total assets	81,288,222
LIABILITIES	
Accounts payable	24,865
Other accrued liabilities	11,688
Total liabilities	36,553
DEFERRED INFLOWS OF RESOURCES	
Leases	171,381
Total deferred inflows of resources	171,381
FUND BALANCES	
Nonspendable	
Prepaid items	10,522
Unassigned	81,069,766
Total fund balance	81,080,288
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 81,288,222

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2024

Total fund balance - MCDC balance sheet	$	81,080,288
Amounts reported for governmental activities in the statement of net position are different because:		
Bonds payable are not reported in the funds.		(15,095,000)
Accrued interest is not reported in the funds.		(71,608)
Lease liabilities are not reported in the funds.		(614,103)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(66,201)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		81,029
Deferred OPEB outflows (GASB 75)		5,999
Deferred pension inflows (GASB 68)		(796)
Deferred OPEB inflows (GASB 75)		(26,715)
Net pension and total OPEB liabilities are not reported in the funds.		(205,061)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation and amortization.		25,584,130
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	90,671,962

City of McKinney, Texas

Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2024

	McKinney Community Development Corporation
REVENUES	
Sales and use taxes	$ 23,883,071
Investment income	4,305,134
Contributions	3,533,259
Miscellaneous revenue	19,982
Total revenues	31,741,446
EXPENDITURES	
Community development	15,072,187
Capital outlay	2,124,886
Debt service:	
Principal retirement	1,166,422
Interest and fiscal charges	631,529
Total expenditures	18,995,024
Excess (deficiency) of revenues over (under) expenditures	12,746,422
Net change in fund balances	12,746,422
Fund balance, beginning of year	68,333,866
FUND BALANCE, END OF YEAR	$ 81,080,288

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2024

Net change in fund balance - MCDC governmental funds	$	12,746,422
Amounts reported for governmental activities in the statement of activities are different because:		
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		1,166,422
Interest is accrued on outstanding debt in the government-wide statements, whereas in the fund financial statements, an interest expenditure is reported when due.		4,071
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(7,738)
Current year capital outlays are expenditures in the fund financial statements, but they are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2024 capital outlays is to increase net position.		2,124,886
Governmental funds do not report depreciation and amortization since it does not require the use of current financial resources.		(119,408)
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		(7,486)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	15,907,169

City of McKinney, Texas
Balance Sheet
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
September 30, 2024

	McKinney Convention & Visitors Bureau
ASSETS	
Cash and cash equivalents	$ 157,999
Prepaid items	3,800
Total assets	161,799
LIABILITIES	
Accounts payable	36,759
Other accrued liabilities	15,003
Total liabilities	51,762
FUND BALANCES	
Nonspendable	
Prepaid items	3,800
Unassigned	106,237
Total fund balance	110,037
TOTAL LIABILITIES AND FUND BALANCE	$ 161,799

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2024

Total fund balance - MCVB balance sheet	$	110,037
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		123,227
Deferred OPEB outflows (GASB 75)		9,122
Deferred pension inflows (GASB 68)		(1,212)
Deferred OPEB inflows (GASB 75)		(40,628)
Net pension and total OPEB liabilities are not reported in the funds.		(311,854)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation and amortization.		450,087
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(53,490)
Lease liabilities have not been included in the governmental fund financial statements.		(480,737)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(195,448)

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2024

	McKinney Convention & Visitors Bureau
REVENUES	
Contributions	$ 1,282,000
Investment income	4,868
Miscellaneous	62,563
Total revenues	1,349,431
EXPENDITURES	
Community development	1,246,722
Interest and fiscal charges	20,133
Principal payments	41,463
Total expenditures	1,308,318
Excess (deficiency) of revenues over (under) expenditures	41,113
Net change in fund balances	41,113
Fund balance, beginning of year	68,924
FUND BALANCE, END OF YEAR	$ 110,037

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2024

Net change in fund balance - MCVB governmental funds	$	41,113
Amounts reported for governmental activities in the statement of activities are different because:		
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		41,463
Governmental funds do not report depreciation and amortization since it does not require the use of current financial resources.		(54,557)
Pension and OPEB expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		(11,388)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(12,313)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	4,318

City of McKinney, Texas
Balance Sheet
McKinney Main Street
Discretely Presented Component Units
September 30, 2024

	McKinney Main Street Corporation
ASSETS	
Cash and cash equivalents	$ 532,596
Accounts receivable	265,208
Prepaid items	6,500
Total assets	804,304
LIABILITIES	
Accounts payable	280,359
Other accrued liabilities	101
Unearned revenue	12,250
Total liabilities	292,710
FUND BALANCES	
Nonspendable	
Prepaid items	6,500
Unassigned	505,094
Total fund balance	511,594
TOTAL LIABILITIES AND FUND BALANCE	$ 804,304

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2024

Total fund balance - MMS balance sheet	$	511,594
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		108,220
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	619,814

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2024

	McKinney Main Street Corporation
REVENUES	
Contributions	$ 209,500
Events	1,275,933
Miscellaneous income	524
Total revenues	1,485,957
EXPENDITURES	
Community development	1,385,406
Total expenditures	1,385,406
Excess (deficiency) of revenues over (under) expenditures	100,551
Fund balance, beginning of year	411,043
FUND BALANCE, END OF YEAR	$ 511,594

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2024

Net change in fund balance - MMS governmental funds	$	100,551
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.		(12,858)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	87,693

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Statistical Section

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This part of the City of McKinney's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents **Table #s**

Financial Trends **1-4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **5-8**

These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.

Debt Capacity **9-13**

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information **14-15**

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **16-18**

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of McKinney, Texas

Net Position by Component
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	$ 268,918,693	$ 320,331,134	$ 403,719,522	$ 440,381,046
Restricted for:				
Use of impact fees	-	-	-	-
Highways and streets	28,691,743	32,306,475	32,618,355	39,325,471
Debt service	4,107,035	3,894,517	4,605,297	5,550,814
Other capital projects	65,017,451	44,403,282	53,624,967	76,097,635
Public safety	601,868	614,384	576,119	520,453
Community development	1,312,903	4,110,258	4,553,868	5,082,730
Court	-	350,172	383,860	415,412
Library	224,501	203,093	131,231	84,924
PEG	-	-	-	-
Cultural and recreation	13,751	14,067	10,423	2,628
Grants and donations	269,985	257,398	180,313	178,151
Unrestricted	34,468,809	44,277,694	69,040,330	16,826,562
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	$ 403,626,739	$ 450,762,474	$ 569,444,285	$ 584,465,826
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	$ 340,775,669	$ 370,316,179	$ 391,997,298	$ 448,604,533
Restricted for:				
Use of impact fees	8,995,690	8,407,115	9,415,280	10,286,227
Debt service	4,248,344	4,338,428	6,420,315	7,015,666
Unrestricted	88,825,761	89,348,086	100,155,117	107,923,617
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	$ 442,845,464	$ 472,409,808	$ 507,988,010	$ 573,830,043
PRIMARY GOVERNMENT				
Net investment in capital assets	$ 609,694,362	$ 690,647,313	$ 795,716,820	$ 888,985,579
Restricted for:				
Use of impact fees	8,995,690	8,407,115	9,415,280	10,286,227
Highways and streets	28,691,743	32,306,475	32,618,355	39,325,471
Debt service	8,355,379	8,232,945	11,025,612	12,566,480
Other capital projects	65,017,451	44,403,282	53,624,967	76,097,635
Public safety	601,868	614,384	576,119	520,453
Community development	1,312,903	4,110,258	4,553,868	5,082,730
Court	-	350,172	383,860	415,412
Library	224,501	203,093	131,231	84,924
PEG	-	-	-	-
Cultural and recreation	13,751	14,067	10,423	2,628
Grants and donations	269,985	257,398	180,313	178,151
Unrestricted	123,294,570	133,625,780	169,195,447	124,750,179
TOTAL PRIMARY GOVERNMENTAL NET POSITION	$ 846,472,203	$ 923,172,282	$ 1,077,432,295	$ 1,158,295,869

Source: Annual Comprehensive Financial Report

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 461,843,548	$ 496,467,289	$ 553,954,416	$ 575,424,351	$ 682,444,748	$ 720,559,595
-	19,459,628	12,534,491	17,703,582	18,048,550	13,517,353
18,494,348	-	-	-	-	-
5,964,590	6,147,185	4,999,807	5,439,350	7,313,471	7,589,730
62,137,151	66,401,069	79,624,383	92,104,403	105,664,530	146,658,914
439,588	540,844	457,823	458,868	750,717	1,004,320
15,361,571	15,261,023	15,794,962	37,571,634	48,760,307	44,908,578
530,241	558,328	563,451	531,492	518,211	392,011
-	-	-	-	-	-
1,864,718	2,078,723	2,381,953	1,669,855	1,993,461	2,292,793
-	-	-	-	-	-
415,799	538,225	499,164	491,291	522,187	368,132
37,373,891	48,100,768	63,714,215	72,150,340	86,177,085	90,583,980
$ 604,425,445	$ 655,553,082	$ 734,524,665	$ 803,545,166	$ 952,193,267	$ 1,027,875,406
$ 445,241,220	$ 503,427,839	$ 524,411,432	$ 529,209,550	$ 595,683,976	$ 651,139,586
5,913,858	5,467,274	4,247,524	8,522,636	7,197,129	4,014,734
7,974,994	8,818,206	9,301,316	14,132,648	16,891,621	20,000,110
125,098,478	109,449,958	110,313,189	122,357,301	155,797,875	201,381,287
$ 584,228,550	$ 627,163,277	$ 648,273,461	$ 674,222,135	$ 775,570,601	$ 876,535,717
$ 907,084,768	$ 999,895,128	$ 1,078,365,848	$ 1,104,633,901	$ 1,278,128,724	$ 1,371,699,181
5,913,858	24,926,902	16,782,015	26,226,218	25,245,679	17,532,087
18,494,348	-	-	-	-	-
13,939,584	14,965,391	14,301,123	19,571,998	24,205,092	27,589,840
62,137,151	66,401,069	79,624,383	92,104,403	105,664,530	146,658,914
439,588	540,844	457,823	458,868	750,717	1,004,320
15,361,571	15,261,023	15,794,962	37,571,634	48,760,307	44,908,578
530,241	558,328	563,451	531,492	518,211	392,011
-	-	-	-	-	-
1,864,718	2,078,723	2,381,953	1,669,855	1,993,461	2,292,793
-	-	-	-	-	-
415,799	538,225	499,164	491,291	522,187	368,132
162,472,369	157,550,726	174,027,404	194,507,641	241,974,960	291,965,267
$ 1,188,653,995	$ 1,282,716,359	$ 1,382,798,126	$ 1,477,767,301	$ 1,727,763,868	$ 1,904,411,123

City of McKinney, Texas

Changes in Net Position
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2015	2016	2017	2018	2019
EXPENSES					
Governmental activities:					
General government	$ 27,058,274	$ 29,952,269	$ 34,346,612	$ 35,050,241	$ 38,767,205
Police	25,624,335	29,047,393	31,471,552	34,855,099	38,968,663
Fire	23,727,013	25,631,075	27,403,683	31,326,519	34,465,660
Libraries	3,693,705	3,774,409	3,819,963	3,968,132	4,100,658
Development	13,418,166	10,222,464	10,745,301	11,992,802	12,283,958
Parks and recreation	9,377,277	12,526,997	16,517,121	20,227,336	20,027,790
Public works	39,812,246	40,143,368	44,061,044	47,181,195	50,529,534
Interest on long-term debt	8,019,483	9,020,305	8,457,638	7,617,338	8,593,942
Total governmental activities expenses	150,730,499	160,318,280	176,822,914	192,218,662	207,737,410
Business-type activities:					
Water/Wastewater	60,487,007	69,073,537	74,364,452	86,521,086	91,546,894
Solid Waste	6,860,903	6,861,627	7,386,715	7,640,500	7,705,838
Golf Course	198,663	182,383	192,350	209,085	79,314
Surface Water Drainage	1,911,038	2,098,662	2,771,455	2,531,085	3,054,064
Airport	8,859,527	9,340,030	9,797,154	11,332,572	12,083,532
Total business-type activities expenses	78,317,138	87,556,239	94,512,126	108,234,328	114,469,642
Total primary government expenses	229,047,637	247,874,519	271,335,040	300,452,990	322,207,052
PROGRAM REVENUES					
Governmental activities:					
Charges for Services:					
General government	$ 3,842,116	$ 4,327,862	$ 1,734,117	$ 8,566,014	$ 5,507,427
Police	1,757,760	2,033,877	2,894,518	137,611	116,205
Fire	2,631,057	3,346,928	3,628,262	3,256,577	5,521,682
Libraries	108,738	92,746	81,835	52,211	53,199
Development	9,825,165	10,637,402	13,523,148	10,753,714	9,752,813
Parks and recreation	1,031,799	1,048,658	3,893,394	5,465,766	5,963,869
Public works	-	-	218,620	-	-
Operating grants and contributions	2,051,029	2,011,757	3,302,214	2,761,779	3,449,974
Capital grants and contributions	38,427,242	48,227,810	104,025,218	50,240,637	36,010,288
Total governmental activities program revenues	59,674,906	71,727,040	133,301,326	81,234,309	66,375,457
Business-type activities:					
Charges for Services:					
Water/Wastewater	58,854,349	70,527,096	78,432,191	91,188,605	92,032,171
Solid Waste	7,598,827	8,121,069	8,443,042	8,864,585	8,672,740
Golf Course	88,890	34,123	34,516	31,086	29,642
Surface Water Drainage	2,701,864	3,517,545	3,587,187	3,756,789	3,907,784
Airport	5,801,175	6,411,460	7,149,114	8,315,001	9,639,761
Operating grants and contributions	67,332	54,753	49,752	32,291	50,000
Capital grants and contributions	18,125,746	30,335,555	30,423,073	38,937,521	18,828,599
Total business-type activities program revenues	93,238,183	119,001,601	128,118,875	151,125,878	133,160,697
Total primary government program revenues	$ 152,913,089	$ 190,728,641	$ 261,420,201	$ 232,360,187	$ 199,536,154

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
$ 46,445,188	$ 55,513,531	$ 54,029,472	$ 48,694,161	$ 71,474,309
40,922,301	41,444,186	44,046,266	50,629,631	54,337,908
38,322,559	40,379,354	41,485,414	49,175,956	49,867,885
4,022,261	4,228,802	4,281,604	4,825,193	5,037,577
12,353,033	13,044,611	14,462,451	15,593,514	15,533,129
19,863,471	20,844,556	23,565,269	28,400,636	31,679,247
47,001,627	48,209,770	51,037,173	58,471,080	64,770,851
8,777,386	8,011,179	9,113,250	12,234,378	19,073,427
217,707,826	231,675,989	242,020,899	268,024,549	311,774,333
99,507,052	100,401,100	109,779,907	126,622,456	142,757,565
8,095,655	9,213,474	8,626,821	9,285,350	10,265,503
77,207	75,678	73,901	495,940	63,639
3,457,729	3,193,115	3,358,672	4,342,075	4,786,747
10,467,525	12,360,879	18,981,288	18,459,126	16,591,981
121,605,168	125,244,246	140,820,589	159,204,947	174,465,435
339,312,994	356,920,235	382,841,488	427,229,496	486,239,768
$ 7,507,139	$ 9,923,123	$ 8,405,098	$ 10,808,804	$ 8,046,673
394,567	337,089	438,976	328,471	248,851
4,561,198	7,011,184	7,415,356	6,824,224	3,722,987
78,573	97,020	108,498	31,670	29,770
9,225,569	10,512,428	13,902,131	14,834,226	14,602,968
3,551,921	4,523,173	6,320,940	6,550,447	6,887,482
1,273,241	1,217,169	1,370,154	1,522,289	1,674,777
15,556,748	12,322,807	10,705,167	6,236,819	5,231,575
45,669,617	71,183,991	57,433,819	119,592,352	70,092,229
87,818,573	117,127,984	106,100,139	166,729,302	110,537,312
102,017,917	104,813,321	123,282,973	137,696,263	151,771,050
8,891,283	9,262,912	9,854,348	10,345,654	10,311,782
82,215	90,979	97,525	57,779	114,364
4,076,939	4,228,166	4,383,775	4,532,964	4,779,930
8,513,417	10,071,788	14,223,722	14,325,805	13,418,411
207,000	141,162	198,000	50,000	5,488,030
28,014,528	20,499,226	25,059,538	85,849,759	61,640,944
151,803,299	149,107,554	177,099,881	252,858,224	247,524,511
$ 239,621,872	$ 266,235,538	$ 283,200,020	$ 419,587,526	$ 358,061,823

(continued)

City of McKinney, Texas

Changes in Net Position – Continued
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2015	2016	2017	2018	2019
NET (EXPENSE) REVENUE					
Governmental activities	$ (91,055,593)	$ (88,591,240)	$ (43,521,588)	$ (110,984,353)	$ (141,361,953)
Business-type activities	14,921,045	31,445,362	33,606,749	42,891,550	18,691,055
Total primary government net expenses	(76,134,548)	(57,145,878)	(9,914,839)	(68,092,803)	(122,670,898)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
Governmental activities:					
Taxes:					
Property taxes	79,819,213	90,581,621	101,593,480	107,281,843	116,385,145
Sales and use taxes	23,041,949	25,360,264	27,117,534	29,078,546	30,724,015
Franchise taxes	13,858,355	14,162,263	14,790,276	16,253,134	16,056,901
Other taxes and fees	434,494	417,981	2,651,192	338,030	340,802
Investment income	370,660	1,153,094	2,314,659	3,994,843	8,232,558
Miscellaneous	2,833,951	715,114	11,936,004	820,319	692,096
Special item	-	-	-	-	(15,533,759)
Transfers	2,965,135	336,638	1,596,987	(20,387,661)	4,426,814
Prior period adjustment	(21,468,683)	-	-	(11,376,160)	-
Total governmental activities	101,855,074	132,726,975	162,000,132	126,002,894	161,324,572
Business-type activities:					
Investment income	663,128	1,216,134	1,828,821	3,891,835	5,909,199
Gain(loss) on sale of capital assets	(92,106)	-	-	-	-
Miscellaneous	-	239,486	1,739,619	314,024	225,067
Transfers	(2,965,135)	(3,336,638)	(1,596,987)	20,387,661	(4,426,814)
Prior period adjustment	(2,552,917)	-	-	(1,643,037)	-
Total business-type activities	(4,947,030)	(1,881,018)	1,971,453	22,950,483	1,707,452
Total primary government	$ 96,908,044	$ 130,845,957	$ 163,971,585	$ 148,953,377	$ 163,032,024
CHANGE IN NET POSITION					
Governmental activities	$ 10,799,481	$ 44,135,735	$ 118,478,544	$ 15,018,541	$ 19,962,619
Business-type activities	9,974,015	29,564,344	35,578,202	65,842,033	20,398,507
TOTAL PRIMARY GOVERNMENT	$ 20,773,496	$ 73,700,079	$ 154,056,746	$ 80,860,574	$ 40,361,126

Source: Annual Comprehensive Financial Report

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
$ (129,889,253)	$ (114,548,005)	$ (135,920,760)	$ (101,295,247)	$ (201,237,021)
30,198,131	23,863,308	36,279,292	93,653,277	73,059,076
(99,691,122)	(90,684,697)	(99,641,468)	(7,641,970)	(128,177,945)
123,658,379	128,658,123	136,122,445	147,760,434	159,252,278
34,034,802	39,079,155	45,585,913	48,394,360	51,747,455
15,960,438	16,388,178	18,444,482	19,398,158	20,466,956
324,892	300,843	277,450	243,174	202,580
4,361,646	353,691	(5,656,955)	22,577,570	35,689,804
1,442,160	2,336,108	1,409,686	4,402,974	4,342,261
-	-	-	-	-
1,338,652	6,403,490	8,758,240	7,166,678	5,217,826
-	-	-	-	-
181,120,969	193,519,588	204,941,261	249,943,348	276,919,160
4,012,688	2,154,417	(1,963,359)	14,881,601	24,959,506
-	176,395	172,967	47,726	6,972,513
62,560	1,319,554	218,014	(67,460)	1,191,847
(1,338,652)	(6,403,490)	(8,758,240)	(7,166,678)	(5,217,826)
-	-	-	-	-
2,736,596	(2,753,124)	(10,330,618)	7,695,189	27,906,040
$ 183,857,565	$ 190,766,464	$ 194,610,643	$ 257,638,537	$ 304,825,200
$ 51,231,716	$ 78,971,583	$ 69,020,501	$ 148,648,101	$ 75,682,139
32,934,727	21,110,184	25,948,674	101,348,466	100,965,116
$ 84,166,443	$ 100,081,767	$ 94,969,175	$ 249,996,567	$ 176,647,255

(concluded)

City of McKinney, Texas

Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2015	2016	2017	2018	2019
GENERAL FUND					
Nonspendable:					
Inventory	$ 331,605	$ 46,072	$ 53,892	$ 44,571	$ 199,357
Prepaid items	852,860	1,253,144	3,279,895	7,674,570	4,513,569
Restricted:					
Law enforcement	-	-	10,972	-	24,393
Court	-	350,172	383,860	412,412	530,241
Assigned:					
APEX	-	-	-	-	1,095,519
Capital equip replacement	-	-	10,155,890	9,926,152	10,018,610
Disaster relief	-	-	516,552	516,552	516,552
OPEB	2,485,326	2,811,040	3,317,131	4,374,343	5,511,473
Public & performing arts	-	-	408,640	460,935	464,845
Unassigned	45,819,513	61,145,601	62,349,115	53,483,079	60,705,461
Total general fund	$ 49,489,304	$ 65,606,029	$ 80,475,947	$ 76,892,614	$ 83,580,020
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable:					
Prepaid items	$ 48,664	$ 92,305	$ 91,159	$ 96,403	$ 3,843
Restricted:					
Debt service	2,917,011	3,894,517	4,605,297	5,550,814	5,964,590
Street construction	64,887,370	65,976,278	66,288,158	96,232,002	120,407,707
Other capital projects funds	65,017,451	89,308,763	85,952,066	73,143,080	86,739,600
Law enforcement	558,905	564,486	522,618	488,596	503,467
Fire	42,963	49,898	42,529	31,857	41,659
PEG	1,493,395	1,825,885	1,334,050	1,504,203	1,864,718
Library	224,501	203,093	131,231	84,924	75,015
Community housing	73,787	73,536	227,770	224,977	204,597
Parks	13,751	14,067	10,423	2,628	109
Hotel/Motel	1,312,903	2,210,837	2,919,895	3,805,453	4,610,787
Transit	-	-	72,153	74,813	183,121
Grants	269,985	257,398	180,313	178,151	27,623
Assigned:					
Capital equip replacement	-	-	6,642,090	7,439,148	-
Unassigned, reported in:					
Special revenue funds	918,558	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	$ 137,779,244	$ 164,471,063	$ 169,019,752	$ 188,857,049	$ 220,626,836

Source: Annual Comprehensive Financial Report

Table 3

Fiscal Year				
2020	2021	2022	2023	2024
$ 214,349	$ 222,215	$ 336,703	$ 379,422	$ 378,820
3,950,805	3,800,850	4,006,302	4,466,092	4,791,810
17,489	27,079	36,380	46,896	77,068
558,328	563,451	531,492	518,211	392,011
-	-	-	-	-
14,439,146	18,760,715	19,056,739	22,056,257	22,421,057
516,552	486,750	581,076	581,076	581,076
6,565,427	8,571,638	10,638,747	13,131,483	14,918,758
387,047	900,228	596,746	636,955	690,447
68,822,244	76,278,393	79,239,677	90,120,368	95,313,652
$ 95,471,387	$ 109,611,319	$ 115,023,862	$ 131,936,760	$ 139,564,699
$ 773,238	$ 96,106	$ 286,586	$ 163,282	$ 101,776
7,261,008	6,035,844	6,909,083	8,687,520	9,554,238
116,715,835	100,005,803	108,101,186	120,282,537	153,222,384
107,003,994	120,416,305	167,740,343	175,637,969	235,279,070
615,743	544,838	547,432	849,031	1,073,317
41,946	43,228	47,865	48,109	45,208
2,078,723	2,381,953	1,669,855	1,993,461	2,292,793
52,704	39,116	-	-	-
29,961	26,700	35,202	1,524,819	1,583,670
109	-	-	-	-
4,995,846	4,998,878	5,586,819	7,082,688	8,389,641
309,696	288,411	304,709	308,639	152,430
41,389	14,315	13,773	20,229	24,429
-	-	-	-	-
(381,595)	-	-	-	-
$ 239,538,597	$ 234,891,497	$ 291,242,853	$ 316,598,284	$ 411,718,956

City of McKinney, Texas

Changes in Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2015	2016	2017	2018	2019
REVENUES					
Property taxes	$ 79,955,673	$ 90,670,647	$ 100,499,796	$ 107,623,520	$ 116,119,443
Sales and use taxes	23,041,949	25,360,264	27,117,534	29,078,546	30,724,015
Franchise taxes	13,767,129	14,162,263	14,790,276	16,167,036	16,071,697
Other taxes and fees	434,494	417,981	353,059	338,030	340,802
Licenses and permits	10,537,838	11,484,965	14,883,837	11,495,904	10,621,061
Intergovernmental	5,434,807	4,249,380	8,742,283	5,060,919	8,023,758
Charges for services	6,721,752	7,941,488	9,791,668	11,218,065	14,010,421
Fines and forfeitures	2,029,116	2,061,020	2,134,066	2,105,678	1,977,485
Investment income	370,660	1,153,094	2,314,659	3,994,843	8,232,558
Contributions	14,229,992	13,117,358	14,274,613	16,539,875	14,441,202
Miscellaneous	533,192	715,114	11,936,005	820,319	692,096
Total revenues	157,056,602	171,333,574	206,837,796	204,442,735	221,254,538
EXPENDITURES					
General government	22,228,405	23,766,504	28,600,730	29,039,706	33,980,586
Police	25,545,773	27,074,194	29,519,229	33,382,794	35,807,519
Fire	22,848,846	23,588,822	24,934,620	27,961,499	30,805,408
Libraries	3,279,002	3,379,840	3,382,296	3,533,097	3,624,482
Development	10,291,439	10,074,158	10,397,360	11,670,785	11,789,924
Parks and recreation	8,072,018	8,977,206	12,822,926	15,349,806	14,308,835
Public works	13,857,657	13,007,662	14,329,110	15,961,755	19,608,279
Capital outlay	24,259,961	20,225,428	38,130,013	36,517,520	54,653,933
Debt service:					
Principal retirement	13,485,000	16,452,929	18,309,211	22,096,915	26,000,736
Interest and fiscal charges	9,434,720	10,836,635	11,210,643	10,523,333	11,431,733
Total expenditures	153,302,821	157,383,378	191,636,138	206,037,210	242,011,435
Excess (deficiency) of revenues over (under) expenditures	3,753,781	13,950,196	15,201,658	(1,594,475)	(20,756,897)
OTHER FINANCING SOURCES (USES)					
Other financing source-issuance of long-term debt	45,715,000	57,530,000	21,965,000	30,875,000	59,055,000
Other financing source-issuance of refunding debt	-	-	-	-	-
Deposit to escrow account	-	(44,520,122)	(24,461,495)	-	(17,041,496)
Premium on issuance of debt	-	8,868,878	2,695,707	2,101,985	7,684,725
Proceeds from capital lease	-	-	-	-	4,600,000
Proceeds from sale of property	28,488	3,436,712	1,648,564	253,724	332,871
Transfers in	5,027,413	8,778,072	14,421,247	6,775,730	12,770,820
Transfers out	(2,062,278)	(5,235,192)	(12,255,341)	(22,158,000)	(8,187,830)
Total other financing sources (uses)	48,708,623	28,858,348	4,013,682	17,848,439	59,214,090
NET CHANGE IN FUND BALANCES	$ 52,462,404	$ 42,808,544	$ 19,215,340	$ 16,253,964	$ 38,457,193
Debt service as a percentage of noncapital expenditures	17.8%	19.9%	19.2%	19.2%	20.0%

Source: Annual Comprehensive Financial Report

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
$ 123,582,887	$ 128,375,111	$ 136,250,451	$ 147,327,862	$ 158,985,707
34,034,802	39,079,155	45,585,913	48,394,360	51,747,455
15,992,927	16,372,451	18,335,672	19,367,205	20,423,100
324,892	300,843	277,450	243,174	202,580
10,280,327	11,139,206	14,758,350	16,010,817	15,656,963
21,000,522	24,285,816	19,467,813	32,396,897	15,694,246
11,993,140	16,146,813	17,535,165	17,540,457	14,667,145
1,083,305	1,188,076	1,427,591	1,915,923	1,908,819
4,361,646	353,691	(5,823,905)	21,608,750	34,033,627
23,528,430	15,584,880	26,070,320	33,248,603	16,501,101
1,407,669	2,043,062	1,409,687	4,402,974	1,312,983
247,590,547	254,869,104	275,294,507	342,457,022	331,133,726
42,185,516	46,768,322	47,384,791	43,821,496	50,996,515
37,706,173	39,463,178	42,943,856	46,172,335	50,031,918
34,353,873	37,275,608	39,498,489	43,650,392	44,716,208
3,530,954	3,835,700	3,721,149	4,039,909	4,285,065
11,911,476	12,754,482	14,393,701	15,217,069	15,189,209
14,517,672	15,746,290	17,980,911	21,160,567	24,322,291
15,719,389	15,274,954	16,916,261	22,773,758	25,112,454
74,216,993	104,058,039	85,054,367	114,701,133	124,977,621
30,472,459	28,365,000	29,437,830	33,618,741	39,308,219
11,986,567	12,184,861	12,513,081	14,827,031	20,137,120
276,601,072	315,726,434	309,844,436	359,982,431	399,076,620
(29,010,525)	(60,857,330)	(34,549,929)	(17,525,409)	(67,942,894)
48,375,000	54,940,000	79,560,000	44,794,999	147,773,326
19,225,000	14,257,385	-	-	1,764,004
(22,303,303)	(14,286,145)	-	-	(1,750,625)
11,835,261	3,748,851	3,834,614	4,729,860	8,196,640
-	-	-	-	5,550,100
447,122	3,286,581	110,974	1,102,201	2,940,234
18,689,070	26,199,244	23,019,376	14,825,367	54,413,180
(16,350,418)	(17,795,754)	(10,211,136)	(5,658,689)	(48,195,354)
59,917,732	70,350,162	96,313,828	59,793,738	170,691,505
$ 30,907,207	$ 9,492,832	$ 61,763,899	$ 42,268,329	$ 102,748,611
21.0%	19.2%	18.7%	19.8%	21.3%

City of McKinney, Texas **Table 5**

Assessed Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farms Property	Less: Tax-Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate
2015	$ 10,330,477,753	$ 3,120,649,093	$ 1,331,499,993	$ 1,308,701,373	$ 14,782,626,839	0.58300
2016	12,029,014,758	3,398,536,705	1,406,368,521	1,506,353,094	16,833,919,984	0.58300
2017	13,788,110,133	3,684,032,886	1,544,443,201	1,714,554,267	19,016,586,220	0.57300
2018	15,746,203,971	4,019,370,476	1,745,114,030	2,156,646,234	21,510,688,477	0.54020
2019	17,585,844,495	4,485,613,005	1,741,806,959	2,237,471,428	23,813,264,459	0.52517
2020	18,893,447,506	5,119,490,210	1,619,160,306	2,385,536,687	25,632,098,022	0.51560
2021	19,928,626,500	5,420,142,193	1,501,115,601	2,459,681,950	26,849,884,294	0.50865
2022	21,702,858,671	5,840,901,418	1,363,616,306	2,517,179,509	28,907,376,395	0.49766
2023	28,897,745,579	6,879,484,137	1,550,680,380	2,792,158,578	37,327,910,096	0.45749
2024	33,327,279,967	8,028,472,402	1,724,730,053	3,441,811,710	43,080,482,422	0.42751

Source: City of McKinney Budget Document
Collin Central Appraisal District

Note: Property in Collin County is reassessed once every five years on average.
The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls
Fiscal Year reports Certified Tax Report from prior calendar year

City of McKinney, Texas

Table 6

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates							
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	McKinney Independent School District	Allen Independent School District	Frisco Independent School District	Melissa Independent School District	Prosper Independent School District	Love Joy Independent School District	Collin County	Collin College District
2015	0.41544	0.16756	0.58300	1.67000	1.64000	1.46000	1.54000	1.67000	1.56000	0.23500	0.08196
2016	0.40997	0.17303	0.58300	1.67000	1.61000	1.46000	1.67000	1.67000	1.56000	0.22500	0.08196
2017	0.40177	0.17123	0.57300	1.62000	1.59000	1.46000	1.67000	1.67000	1.67000	0.20840	0.08122
2018	0.37561	0.16459	0.54020	1.62000	1.57000	1.46000	1.67000	1.67000	1.67000	0.19225	0.07981
2019	0.36239	0.16278	0.52517	1.59000	1.55000	1.44000	1.67000	1.67000	1.67000	0.18079	0.08122
2020	0.35539	0.16021	0.51560	1.48835	1.45890	1.33830	1.56835	1.56835	1.56835	0.17495	0.08122
2021	0.35471	0.15393	0.50865	1.47470	1.43250	1.31020	1.46300	1.49270	1.55470	0.17253	0.08122
2022	0.34552	0.15214	0.49766	1.37670	1.40680	1.26720	1.46030	1.46030	1.50500	0.16809	0.08122
2023	0.31180	0.14569	0.45749	1.31290	1.33040	1.21290	1.44290	1.44290	1.44290	0.15244	0.08122
2024	0.28669	0.14083	0.42751	1.12750	1.14120	1.02750	1.25750	1.25750	1.25750	0.14934	0.08122

Source: Collin Central Appraisal District

City of McKinney, Texas **Table 7**

Principal Tax Payers

Current Year and Ten Years Ago (Unaudited)

	2024			2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value[a]**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value[b]**
Raytheon Company	$ 364,880,043	1	0.98%	$ 77,501,281	2	0.52%
Harbert Parkside Investor LP	350,039,843	2	0.94%	-		-
Encore Wire Corporation	314,897,796	3	0.84%	127,941,871	1	0.87%
WMCI Dallas VI LLC	152,698,216	4	0.41%	-		-
Columbia Medical Center Of McKinney Subsidiary LP	134,615,156	5	0.36%	-		-
Luxia Craig Ranch LLC	110,000,000	6	0.29%	-		-
IBG Real Estate Holdings II Inc	107,282,341	7	0.29%	-		-
BT-JV MS LLC	106,600,000	8	0.29%	-		-
Henneman Way Propco 1 LLC	106,488,306	9	0.29%	-		-
Yamasa Co LTD	102,766,871	10	0.28%	-		-
Oncor Electric Delivery Co	-		-	56,863,479	3	0.38%
West Eldorado TX Partners LLC (Saxon Woods)	-		-	52,412,278	4	0.35%
Medical Center of McKinney	-		-	51,193,931	5	0.35%
Texas Instruments Inc	-		-	51,027,851	6	0.35%
DR Horton - Texas, LTD	-		-	41,343,047	7	0.28%
TS Craig Ranch LLC	-		-	38,000,000	8	0.26%
Covington Cameron Acquisition LLC	-		-	37,860,512	9	0.26%
Western Rim Investors	-		-	37,078,724	10	0.25%
Total	$1,850,268,572		4.96%	$ 571,222,974		3.86%

Source: Collin County Tax Assessor and Collector

Notes: [a]Taxpayers are assessed on January 1, 2023 (2023 tax year) for the 2024 fiscal year.
[b]Taxpayers are assessed on January 1, 2014 (2014 tax year) for the 2015 fiscal year.

City of McKinney, Texas **Table 8**

Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Amount	Percentage of levy	Collections in Subsequent Years	Amount	Percentage of levy
2015	$ 79,073,702	$ 78,046,228	98.70%	$ 986,175	$ 79,032,403	99.95%
2016	89,449,760	88,635,948	99.09%	755,941	89,391,889	99.94%
2017	99,382,213	98,638,066	99.25%	683,734	99,321,800	99.94%
2018	106,092,756	105,628,137	99.56%	400,045	106,028,182	99.94%
2019	115,721,180	114,771,851	99.18%	860,847	115,632,698	99.92%
2020	123,442,385	122,267,894	99.05%	1,064,602	123,332,496	99.91%
2021	127,966,642	126,761,242	99.06%	781,728	127,542,970	99.67%
2022	134,629,554	133,855,680	99.43%	496,563	134,352,243	99.79%
2023	145,963,760	145,666,866	99.80%	(77,916)	145,588,950	99.74%
2024	157,407,073	156,799,951	99.61%	-	156,799,951	99.61%

Source: Collin County Tax Assessor and Collector

City of McKinney, Texas **Table 9**

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2015	$192,241,210	$ 66,151,279	$ 5,031,638	$ 1,732,249	$ 66,009,020	$ -	$ 331,165,396	6.50%	$ 2,135
2016	210,133,796	54,330,000	3,792,501	1,379,321	79,937,575	-	349,573,193	6.36%	2,159
2017	202,283,166	43,080,000	2,540,676	1,095,110	114,746,638	-	363,745,591	6.16%	2,161
2018	213,360,338	41,200,000	1,276,423	803,196	119,652,993	-	376,292,950	5.97%	2,093
2019	242,236,416	35,045,000	-	4,552,459	148,292,986	-	430,126,861	5.88%	2,290
2020	272,681,323	32,330,000	-	-	161,152,389	-	466,163,712	6.02%	2,386
2021	314,887,191	17,275,000	-	-	184,308,370	-	516,470,561	6.48%	2,602
2022	367,261,598	15,170,000	-	2,184,331	235,709,035	172,428	620,497,392	7.00%	2,991
2023	382,143,153	13,265,000	-	1,673,535	265,700,939	91,452	662,874,079	6.70%	3,127
2024	470,363,696	39,845,000	-	5,141,258	294,117,389	324,996	809,792,339	8.15%	3,805

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 14 for personal income and population data.

City of McKinney, Texas **Table 10**

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Less: Amounts Restricted for Debt Service	Net		
2015	$ 192,241,210	$ 66,151,279	$ 5,031,638	$ 4,107,035	$ 259,317,092	1.54%	$ 1,698
2016	210,133,796	54,330,000	3,792,501	3,894,517	264,361,780	1.39%	1,657
2017	202,283,166	43,080,000	2,540,676	4,605,297	243,298,546	1.13%	1,472
2018	213,360,338	41,200,000	1,276,423	5,550,814	250,285,947	1.05%	1,423
2019	242,236,416	35,045,000	-	5,964,590	271,316,826	1.06%	1,476
2020	272,681,323	32,330,000	-	6,147,185	298,864,138	1.11%	1,561
2021	314,887,191	17,275,000	-	4,999,807	327,162,384	1.13%	1,673
2022	367,261,598	15,170,000	-	5,439,350	376,992,248	1.01%	1,851
2023	382,143,153	13,265,000	-	7,313,471	502,895,225	1.17%	1,870
2024	470,363,696	39,845,000	-	7,589,730	502,618,966	1.17%	2,340

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a] See Table 5 for property value data.
[b] See Table 14 for population data.

City of McKinney, Texas **Table 11**

Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Tax Rate Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.5830	0.5830	0.5730	0.5402	0.5252	0.5156	0.5086	0.4977	0.4575	0.4275
Available Tax Rate	$ 1.92	$ 1.92	$ 1.93	$ 1.96	$ 1.97	$ 1.98	$ 1.99	$ 2.00	$ 2.04	$ 2.07

Note: The City Charter of the City of McKinney, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

City of McKinney, Texas **Table 12**

Direct and Overlapping Governmental Activities Debt
September 30, 2024 (Unaudited)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable[a]	McKinney Share of Overlapping Debt
Debt repaid with property taxes			
McKinney ISD	$ 480,508,277	73.094%	$ 351,220,566
Collin College District	511,186,381	14.077%	71,958,550
Collin County	841,715,000	14.335%	120,660,441
Allen ISD	563,586,098	10.441%	58,842,226
Frisco ISD	2,220,922,073	13.349%	296,473,385
Melissa ISD	503,040,000	7.357%	37,006,154
Prosper ISD	1,968,745,240	17.004%	334,760,481
Lovejoy ISD	127,735,000	2.082%	2,660,069
Subtotal, overlapping debt	7,217,438,069		1,273,581,872
City of McKinney (direct debt)	515,349,954	100.00%	515,349,954
Total direct and overlapping debt			$ 1,788,931,826

Source: Assessed value data used to estimate applicable percentages provided by Collin County Central Appraisal District. Debt outstanding data provided by each governmental unit.

Note: [a] The percentage of overlapping debt applicable is estimated using taxable assessed property values (before freeze loss). Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of McKinney, Texas **Table 13**

Pledged-Revenue Coverage
Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2015	$ 59,442,114	$ 49,810,061	$ 9,632,053	$ 4,110,810	2.34
2016	71,714,020	57,597,770	14,116,250	4,861,938	2.90
2017	80,127,546	61,991,651	18,135,895	7,052,254	2.57
2018	94,797,855	71,430,215	23,367,640	7,357,075	3.18
2019	97,348,390	75,818,700	21,529,690	9,099,568	2.37
2020	105,594,093	82,259,416	23,334,677	9,738,690	2.40
2021	108,043,200	82,110,691	25,932,509	11,024,573	2.35
2022	120,929,964	88,930,124	31,999,840	14,785,089	2.16
2023	151,084,962	102,885,651	48,199,311	16,097,072	2.99
2024	174,026,915	116,189,489	57,837,426	18,827,469	3.07

Note: [a]Includes operating and investment income.
[b]Includes operating expenses minus depreciation.
[c]Includes Principal and Interest (represents average annual requirement)

City of McKinney, Texas **Table 14**

Demographic and Economic Statistics
Last Ten Calendar Years (Unaudited)

Year	Estimated Population[a]	Personal Income[b]	Per Capita Personal Income[e]	Median Age[e]	Median Household Income[d]	School Enrollment[c]	Unemployment Rate[d]
2015	155,142	$ 5,096,259,558	$ 32,849	33.0	$ 81,118	24,765	3.40%
2016	161,905	5,495,217,605	33,941	33.3	82,988	24,827	3.60%
2017	168,358	5,906,672,072	35,084	34.6	83,257	25,992	3.30%
2018	179,804	6,308,243,536	35,084	35.9	93,546	24,666	3.30%
2019	187,802	7,314,700,098	38,949	36.4	90,725	24,717	3.00%
2020	195,342	7,740,817,434	39,627	37.0	89,828	24,590	6.50%
2021	198,507	7,972,239,627	40,161	37.2	93,354	23,394	3.70%
2022	206,654	8,833,631,884	42,746	37.0	98,317	23,506	3.10%
2023	211,397	9,866,109,387	46,671	36.7	98,317	23,294	3.70%
2024	214,810	10,691,738,130	49,773	36.8	113,286	23,149	3.60%

Sources: [a] Source Data: McKinney Planning Department as of January 1st for each respective year.
[b] Personal income calculated by multiplying estimated population by per capita personal income.
[c] Source Data: McKinney Independent School District
[d] Source Data: Texas Workforce Commission for month ending September
[e] Source Data: US Census Bureau

City of McKinney, Texas **Table 15**

Principal Employers
Current and Ten Years Ago (Unaudited)

	2024			2015		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Raytheon Intelligence and Space	4,200	1	3.66%	3,600	1	4.74%
McKinney ISD	2,920	2	2.54%	3,147	2	4.15%
Collin County	2,000	3	1.74%	1,823	3	2.40%
Globe Life	1,700	4	1.48%	-		-
Encore Wire	1,653	5	1.44%	1,050	5	1.38%
City of McKinney	1,565	6	1.36%	975	6	1.28%
Medical City McKinney	1,424	7	1.24%	1,071	4	1.41%
Baylor Scott & White Medical Center - McKinney	1,171	8	1.02%	575	9	0.76%
Collin College	794	9	0.69%	555	10	0.73%
Simpson Strong-Tie	650	10	0.57%	-		-
Torchmark / United American Ins. (TMK)	-		-	860	7	1.13%
Watson & Chalin	-		-	800	8	1.05%
	-		-			
Total	18,077		15.75%	14,456		19.05%

Source: Top Ten Employer data provided by McKinney Economic Development Corporation, McKinney ISD, Collin College. Total City Employment provided by Texas Workforce Commission (TWC).

City of McKinney, Texas **Table 16**

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
General government	109.8	121.8	124.0	131.0	134.0	143.5	148.0	151.5	154.5	159.5
Police	238.0	244.0	261.0	275.0	289.0	298.0	304.0	317.0	332.0	345.8
Fire	174.5	188.0	191.0	195.0	221.0	227.0	229.0	239.0	251.0	258.0
Libraries	40.0	41.0	41.0	41.0	42.9	44.8	45.8	47.1	46.6	47.6
Development	95.0	96.0	101.5	109.5	113.5	116.5	118.0	123.0	127.0	130.0
Parks and recreation	91.8	147.4	155.9	192.3	202.9	207.4	212.4	238.4	243.7	249.2
Public works	71.1	75.8	74.5	78.5	83.5	88.0	91.5	96.0	105.0	108.0
Water/wastewater	80.6	94.6	103.1	109.5	117.0	127.5	140.5	143.5	151.0	162.0
Surface water drainage	14.3	15.3	16.5	16.5	18.5	22.0	23.0	23.0	26.0	27.0
Solid Waste	13.0	13.0	14.5	16.0	16.5	20.5	20.5	19.5	20.5	22.5
Airport	23.5	23.0	24.0	24.0	25.0	29.0	29.0	30.0	33.0	34.5
Total[1]	951.5	1,059.9	1,107.0	1,188.3	1,263.8	1,324.2	1,361.7	1,428.0	1,490.3	1,544.0

Source: City of McKinney Budget Book

[1] Excludes: Economic Development (MEDC), Community Development (MCDC), and Visitor's Bureau (MCVB) employees

City of McKinney, Texas

Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2015	2016	2017	2018	2019
Police					
Number of police officers	192	193	209	209	218
Number of violations (citations)	14,524	13,380	17,504	13,767	12,393
Fire					
Number of fire fighters	162	177	183	186	208
Number of fire suppression runs	4,828	3,373	3,700	4,753	4,283
Number of EMS runs	7,642	9,537	10,333	10,297	10,965
Development Services					
Construction permits issued[a]	2,072	2,323	2,758	2,582	1,900
Estimated valuation[a]	$ 972,479,911	$ 1,013,504,432	$ 1,312,108,523	$ 1,111,169,537	$ 1,090,531,103
Public Works					
Streets paved (miles)	4	3	6	2	5
Street signs repaired/installed	2,979	1,483	835	1,330	1,036
Parks and Recreation					
Park land and municipal acreage maintained	1,834	1,857	1,834	1,952	2,000
Rounds of golf	28,500	27,314	27,138	23,958	22,300
Library					
Volumes in collection[b]	223,674	217,402	210,936	209,120	200,996
Annual circulation	1,401,625	1,640,857	1,741,330	1,820,255	1,869,938
Water and Wastewater					
Number of water customers	51,636	52,922	56,512	58,955	60,730
Average daily water consumption (millions of gallons)	25.3	28.8	28.8	32.2	33.2
Maximum storage capacity (millions of gallons)	48.0	62.0	62.0	62.0	62.0
Solid Waste					
Recyclables collected (tons)[c]	19,723	19,991	22,390	28,550	23,815
Solid waste collected (tons)	138,488	135,425	141,923	148,247	146,859
Airport					
AvGas Gallons Sold	158,549	186,763	202,756	211,833	237,586
Jet Fuel Gallons Sold	986,105	1,167,799	1,180,926	1,272,211	1,438,943
Aircraft Operations	105,232	118,684	132,349	154,492	157,523

Source: City Departments

Note: [a] Includes residential, commercial & vertical mixed-use permits for new buildings and additions; does not include minor additions and alterations.
[b] Includes books and media.
[c] Recyclable material, by definition, comprises both MRF tons (residential and commercial) and compost tons.

Table 17

Fiscal Year				
2020	2021	2022	2023	2024
226	230	241	251	264
7,206	8,397	8,600	8,914	11,312
209	218	222	229	223
4,952	6,147	5,448	5,375	6,009
9,866	11,552	12,447	13,531	14,246
1,774	2,140	1,455	1,658	2,384
$ 995,378,013	$ 903,054,440	$ 1,358,727,465	$ 1,402,800,710	$ 1,324,324,070
7	5	2	1	5
1,800	788	867	753	753
2,754	3,187	3,260	3,146	3,156
38,718	41,226	44,198	26,262	51,257
202,473	205,570	213,070	212,859	215,841
1,032,887	1,551,370	1,660,522	1,714,961	1,784,416
62,398	64,617	66,234	69,225	72,529
33.3	32	35	35	36
62.0	70	70	70	70
21,877	25,136	25,589	25,903	27,054
147,295	153,942	154,287	153,212	163,999
202,061	184,989	226,267	231,340	221,105
1,122,852	1,271,984	1,585,860	1,614,629	1,549,163
140,867	134,880	143,697	151,564	156,684

City of McKinney, Texas — Table 18

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units[a]	153	153	144	151	153	157	159	181	186	197
Motorcycle Units	9	9	7	8	8	9	7	7	7	7
Skywatch Towers	2	2	2	2	3	2	2	2	2	2
Trailers	8	8	9	5	6	4	2	6	6	7
Fire										
Stations	8	8	8	9	9	10	10	10	10	10
Public Works										
Streets-Paved (miles)[c]	823.0	1,200.0	1,400.0	792.0	1,389.7	1,433.4	1,423.9	1,495.5	1,435.8	1,492.1
Streets-Graded (miles)[c]	16.8	16.8	10.1	10.1	191.1	220.9	187.9	183.5	146.8	174.1
Streets-Unimproved (miles)	1.4	1.4	2.5	16.9	21.6	40.6	33.6	35.5	19.9	19.0
Alleys (miles)	78.0	73.0	73.0	71.3	74.8	74.8	77.2	77.7	78.7	91.9
Streetlights (Including US 75)	6,776	6,790	6,790	7,651	8,682	9,167	9,293	9,742.0	9,719.0	9,719.0
Parks and Recreation										
Park Acreage	2,247	2,310	2,396	2,509	2,509	2,550	2,830	2,903	2,903	2,913
Public Parks	40	41	41	40	44	44	44	48	49	49
Community/Recreation Centers	3	3	4	4	4	4	4	4	4	4
Public Swimming Pools	3	3	4	4	4	4	4	4	4	4
Splash Pads	7	8	8	8	9	9	9	10	11	11
Baseball/Softball Diamonds	27	27	27	27	27	27	27	24	24	24
Tennis Courts	13	13	13	13	23	24	24	24	29	29
Soccer Fields (regulation size)	22	22	22	22	22	25	25	24	24	24
Disc Golf Course	2	2	2	2	2	2	2	2	2	2
Dog Park	1	1	1	1	1	1	1	2	2	2
Skate Park	1	1	1	1	1	1	1	1	1	1
Ice Rink[D]	1	1	1	1	1	1	1	2	2	2
Municipal Golf Course[D]	1	1	1	1	1	1	1	1	1	1
Library	2	2	2	2	2	2	2	2	2	2
Water and Wastewater										
Storage capacity (million gallons)	48.0	62.0	62.0	62.0	62.0	62.0	70.0	71.0	70.0	70.0
Water Mains (miles)	826.0	868.0	928.0	960.0	979.0	999.0	1,025.0	1,049.9	1,096.4	1,464.0
Fire Hydrants	8,030	8,384	9,042	9,466	9,769	10,173	10,530	10,848.0	11,345.0	11,835.0
Storm Sewer (miles)	430.0	450.0	483.0	499.0	520.0	532.5	576.6	590.5	584.5	533.6
Sanitary Sewers (miles)	628.0	653.0	693.0	713.0	718.5	731.0	741.0	757.4	781.8	804.6
Airport	1	1	1	1	1	1	1	1	1	1
Dedicated airport property (acres)	745	745	774	774	935	935	935	935	935	915
Runway length (ft) x width (ft)	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7502x150	7502x150

Source: City Departments

Note: [a] Per Police Department
[D] City owned, privately operated
[c] Changed from lane miles to center lane miles in FY19

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